



China Rongzhong Financial Holdings Company Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 03963



2021/2022
Interim Report

COMPANY NAME

China Rongzhong Financial Holdings Company Limited

STOCK CODE

03963

BOARD OF DIRECTORS

Executive Director

Ms. Wong Emilie Hoi Yan

Non-executive Directors

Mr. Chen Shuai

Ms. Wong Jacqueline Yue Yee

Ms. Wong Michelle Yatyee

Mr. Wong Ming Bun David

Independent non-executive Directors

Mr. Lie Chi Wing

Mr. Ng Wing Chung Vincent

Mr. Yu Yang

AUDIT COMMITTEE

Mr. Yu Yang (Chairman)

Mr. Chen Shuai

Mr. Lie Chi Wing

Mr. Ng Wing Chung Vincent

Mr. Wong Ming Bun David

NOMINATION COMMITTEE

Mr. Ng Wing Chung Vincent (Chairman)

Mr. Chen Shuai

Mr. Lie Chi Wing

Ms. Wong Michelle Yatyee

Mr. Yu Yang

REMUNERATION COMMITTEE

Mr. Ng Wing Chung Vincent (Chairman)

Mr. Chen Shuai

Mr. Lie Chi Wing

Ms. Wong Michelle Yatyee

Mr. Yu Yang

RISK MANAGEMENT COMMITTEE

Ms. Wong Emilie Hoi Yan (Chairman)

Mr. Ng Wing Chung Vincent

Ms. Wong Michelle Yatyee

Mr. Wong Ming Bun David

Mr. Yu Yang

COMPANY SECRETARY

Ms. Cheng Choi Ha

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

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

COMPANY WEBSITE

www.chinarzfh.com

AUDITOR

BDO Limited
Certified Public Accountants

LEGAL ADVISER

JTC Solicitors

PRINCIPAL SHARE REGISTRAR

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

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

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

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of China Rongzhong Financial Holdings Company Limited (the “**Company**”) hereby presents to the shareholders of the Company (the “**Shareholders**”) the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2021 (the “**Reporting Period**”) with comparative figures as follows.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2021

	Notes	Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	4	7,582	10,364
Other income		28	319
Cost of services		(58)	–
Other gains and losses		(28)	(368)
Staff costs		(4,839)	(2,997)
Reversal of impairment losses on financial assets		18,259	29,997
Other operating expenses		(5,216)	(3,319)
Finance costs	5	(15,709)	(15,160)
Profit before income tax	6	19	18,836
Income tax expense	7	(16)	–
Profit for the period		3	18,836
Other comprehensive (expense)/income			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		(4)	773
Total comprehensive (expense)/income for the period		(1)	19,609
(Loss)/profit for the period attributable to:			
Owners of the Company		(355)	18,836
Non-controlling interests		358	–
		3	18,836
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(357)	19,609
Non-controlling interests		356	–
		(1)	19,609
(Loss)/earnings per share			
Basic and diluted (HK cents)	9	(0.09)	4.57

Condensed Consolidated Statement of Financial Position

As at 30 September 2021

	Notes	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	5,323	40
Lease receivables and receivables arising from sale and leaseback arrangements	11	96,703	94,117
Deposits		411	–
Security deposits	14	–	1,190
Goodwill		21,193	–
		123,630	95,347
Current assets			
Lease receivables and receivables arising from sale and leaseback arrangements	11	742,580	723,552
Loan receivable	12	5,563	5,563
Trade receivables	13	6,618	–
Prepayments and other receivables		9,502	8,501
Security deposits	14	1,190	1,697
Short term bank deposits with original maturity within three months		1,005	6,636
Bank balances and cash		8,907	5,671
		775,365	751,620
Current liabilities			
Trade payables	15	37	–
Deposits from customers		214,822	214,813
Other payables and accrued charges	16	21,147	17,707
Contract liabilities		4,178	–
Deferred income		–	9
Lease liabilities		2,156	482
Tax liabilities		64,966	64,133
Bank borrowings	17	547,435	443,688
Promissory note	18	6,223	–
Derivative financial liability	20	8,194	–
		869,158	740,832
Net current (liabilities)/assets		(93,793)	10,788
Total assets less current liabilities		29,837	106,135

Condensed Consolidated Statement of Financial Position

As at 30 September 2021

	Notes	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Non-current liabilities			
Deposits from customers		28	–
Lease liabilities		2,569	–
Bank borrowings	17	130,087	216,125
Contingent consideration payables	19	9,572	–
		142,256	216,125
Net liabilities		(112,419)	(109,990)
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	4,125	4,125
Reserves		(116,933)	(114,115)
		(112,808)	(109,990)
Non-controlling interests		389	–
Capital deficiency		(112,419)	(109,990)

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

	Equity attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Statutory surplus reserve HK\$'000 (Note (a))	Share option reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	
At 1 April 2020 (Audited)	4,125	552,818	32,430	80	(53,213)	(520,958)	15,282
Profit for the period	-	-	-	-	-	18,836	18,836
Exchange differences arising on translation to presentation currency	-	-	-	-	773	-	773
Total comprehensive income for the period	-	-	-	-	773	18,836	19,609
Recognition of equity-settled share-based payments	-	-	-	242	-	-	242
At 30 September 2020 (Unaudited)	4,125	552,818	32,430	322	(52,440)	(502,122)	35,133

	Equity attributable to owners of the Company							Non- controlling interests HK\$'000	Total equity HK\$'000	
	Share capital HK\$'000	Share premium HK\$'000	Statutory surplus reserve HK\$'000 (Note (a))	Other reserve HK\$'000 (Note (b))	Share option reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000			Total HK\$'000
At 31 March 2021 (Audited)	4,125	552,818	32,430	-	563	(57,585)	(642,341)	(109,990)	-	(109,990)
(Loss)/profit for the period	-	-	-	-	-	-	(355)	(355)	358	3
Exchange differences arising on translation to presentation currency	-	-	-	-	-	(2)	-	(2)	(2)	(4)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(2)	(355)	(357)	356	(1)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	33	33
Deemed distribution	-	-	-	(2,702)	-	-	-	(2,702)	-	(2,702)
Recognition of equity-settled share-based payments	-	-	-	-	241	-	-	241	-	241
At 30 September 2021 (Unaudited)	4,125	552,818	32,430	(2,702)	804	(57,587)	(642,696)	(112,808)	389	(112,419)

Notes:

- (a) Pursuant to the articles of association of the subsidiary established in the People's Republic of China (the "PRC"), it is required to appropriate 10% or an amount to be determined by its directors of its profit after taxation in accordance with the relevant accounting rules and financial regulations of the PRC before any distribution of dividends to owners each period to the statutory surplus reserve until the balance reached 50% of its registered capital.
- (b) The other reserve was arisen from the acquisition of 51% equity interest in Alpha & Leader Risks and Assets Management Company Limited ("Alpha & Leader") and represented the difference between (i) the fair value of the consideration shares (note 22) and (ii) the fair values of the promissory note (note 18) and promissory notes (note 19) to be issued that included in contingent consideration payables.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash (used in)/from operating activities	(3,947)	4,078
INVESTING ACTIVITIES		
Interest received from bank deposits	13	94
Purchase of property, plant and equipment	(302)	–
Acquisition of subsidiaries, net of cash acquired	5,243	–
Net cash from investing activities	4,954	94
FINANCING ACTIVITIES		
Bank loans raised	–	23,777
Repayment of bank loans	(289)	(31,778)
Interest paid	(2,640)	(659)
Capital element of lease rentals paid	(439)	(744)
Interest element of lease rentals paid	(30)	(42)
Net cash used in financing activities	(3,398)	(9,446)
Net decrease in cash and cash equivalents	(2,391)	(5,274)
Cash and cash equivalents at 1 April	12,307	21,587
Effect of foreign exchange rate changes	(4)	(348)
Cash and cash equivalents at 30 September	9,912	15,965
Analysis of cash and cash equivalents:		
Bank balances and cash	8,907	4,340
Short term bank deposits with original maturity within three months	1,005	11,625
	9,912	15,965

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

1. GENERAL INFORMATION

China Rongzhong Financial Holdings Company Limited (the “**Company**”) was incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and its principal place of business in Hong Kong is Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

The Company and its subsidiaries (collectively known as the “**Group**”) are principally engaged in provision of financial leasing services, operating lease services, debt collection and credit investigation services.

2. BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION

The interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2021.

Going Concern

The Group recorded a net current liabilities of HK\$93,793,000 and capital deficiency of HK\$112,419,000 as at 30 September 2021. The worsened general economic environment caused by the outbreak of the COVID-19 pandemic has adversely impacted on the collectability of the lessees of the Group’s lease receivables and receivables arising from sale and leaseback arrangements because these lessees are mostly small and medium enterprises in the Hubei Province of the PRC. As at 30 September 2021, the Group had lease receivables and receivables arising from sale and leaseback arrangements with a gross carrying amount of HK\$1,873,502,000 that were all past due and an aggregate impairment loss of HK\$1,034,219,000 was provided for these receivables (Note 11). At the same date, the Group had bank borrowings of HK\$547,435,000 that were repayable within 12 months after the end of the reporting period while the cash and cash equivalents maintained was HK\$9,912,000 only. These conditions indicate that a material uncertainty exists that may cast significant doubt about the Group’s ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

2. BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION (continued)

Going Concern (continued)

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

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

The Group has been taking active measures to expedite the realisation of lease receivables and receivables arising from sale and leaseback arrangements through various channels including lawsuit, debt restructuring, and other methods that are considered effective and can improve the liquidity position of the Group.

During the six months ended 30 September 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 September 2021, the relevant lease receivables and receivables arising from sale and leaseback arrangements were approximately HK\$309,844,000 while the relevant bank borrowings were approximately HK\$516,766,000. The execution of the undertaking by the Related Party is depending on the approval from the relevant bank for transfer of bank borrowings. Pursuant to the Company’s announcement on 28 June 2021, the Group is applying to the relevant bank for transfer of bank borrowings to the Related Party. For illustrative purposes only, based on the figures as at 30 September 2021, should the Group be able to complete the transfer and could be derecognised of those receivables and bank borrowings according to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the Group’s consolidated net assets would increase by HK\$206,922,000.

(ii) *Implementation of active cost-saving measures*

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

(iii) *Negotiation of the renewal of bank borrowings and obtaining new loan facilities*

During the six months ended 30 September 2021, the Group had successfully renewed its bank borrowings with principal amounts of approximately HK\$232,347,000 for at least 13 months.

As at 30 September 2021, the Group has been negotiating the renewal of its bank borrowings with principal amounts of approximately HK\$30,182,000 and HK\$146,656,000 that were repayable in July 2021 and within 3 months after the reporting date respectively. As at the date of this report, the aforesaid loan renewal together with assignment of loans is under approval process. For further details, please refer to the Company’s announcement dated 28 June 2021.

Subsequent to the six months ended 30 September 2021, the Group entered into a term loan facility agreement with Goldbond Group Holdings Limited (“**Goldbond**”), the shareholder of the Company, pursuant to which Goldbond agreed to make available to the Company an unsecured loan facility of HK\$50,000,000 that were repayable in the third anniversary of the first drawdown date.

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

2. BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION (continued)

Going Concern (continued)

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

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 March 2021 except for the adoption of the standards, amendments and interpretations issued by the HKICPA effective for the Group's annual periods beginning on or after 1 April 2021. The new or amended HKFRSs that are effective from 1 April 2021 did not have any material impact on the Group's accounting policies.

4. REVENUE AND SEGMENT INFORMATION

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

- (1) Leasing services – financial leasing – providing leasing services including finance lease and sale and leaseback services in the PRC
- (2) Leasing services – operating lease – providing operating lease services in the PRC
- (3) Debt collection and credit investigation services – providing debt collection services and credit investigation services in Hong Kong, the PRC and Singapore

During the six months ended 30 September 2021, debt collection and credit investigation services became a reportable segment as a result of the completion of the acquisition of Alpha & Leader. Therefore, a new segment of debt collection and credit investigation services has been identified in the current period.

In addition, during the period, the Group has commenced operating lease business, which has been identified as a reportable segment as the directors of the Company believe that information about the segment would be useful to users of the financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results

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

For the six months ended 30 September 2021
(Unaudited)

	Leasing services – financial leasing HK\$'000	Leasing services – operating lease HK\$'000	Debt collection and credit investigation services HK\$'000	Total HK\$'000
Segment revenue				
Revenue from external customers	4,093	3	3,486	7,582
Segment results	4,825	(15)	747	5,557
Unallocated:				
Other income				2
Other gains and losses				(28)
Staff costs				(1,963)
Other operating expenses				(3,549)
Profit before income tax				19

For the six months ended 30 September 2020
(Unaudited)

	Leasing services – financial leasing HK\$'000	Total HK\$'000
Segment revenue		
Revenue from external customers	10,364	10,364
Segment results	23,291	23,291
Unallocated:		
Other income		290
Other gains and losses		(367)
Staff costs		(1,963)
Other operating expenses		(2,415)
Profit before income tax		18,836

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. REVENUE AND SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Segment assets		
Leasing services – financial leasing	850,275	833,335
Leasing services – operating lease	1,341	–
Debt collection and credit investigation services	39,739	–
Total segment assets	891,355	833,335
Unallocated		
– Unallocated assets	7,640	13,632
Total assets	898,995	846,967
Segment liabilities		
Leasing services – financial leasing	968,427	955,121
Leasing services – operating lease	154	–
Debt collection and credit investigation services	17,751	–
Total segment liabilities	986,332	955,121
Unallocated		
– Unallocated liabilities	25,082	1,836
Total liabilities	1,011,414	956,957

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. REVENUE AND SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

Set out below is the disaggregation of the Group's revenue from major products and services:

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Income from debt collection services	1,435	–
Income from credit investigation services	2,051	–
Revenue from contracts with customers	3,486	–
Rental income	3	–
Interest income arising from sale and leaseback arrangements	4,093	10,078
Finance lease income	–	286
	7,582	10,364
Revenue from contracts with customers		
At a point in time	3,457	–
Transferred over time	29	–
	3,486	–

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

5. FINANCE COSTS

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on borrowings	15,638	15,109
Imputed interest on interest-free deposits from customers	9	9
Imputed interest on promissory note	32	–
Interest on lease liabilities	30	42
	15,709	15,160

6. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Directors' remuneration	1,166	1,166
Other staff costs		
– Salaries, allowances and other staff benefits	3,524	1,804
– Staff's retirement benefit scheme contributions	149	27
Total staff costs	4,839	2,997
Depreciation of property, plant and equipment	279	83
Short-term lease expenses	4	44
Impairment losses on property, plant and equipment	–	42

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax		
Enterprise Income Tax ("EIT") in the PRC		
– Provision for the current period	16	–

No provision for Hong Kong Profits Tax has been made in the interim condensed consolidated financial statements as the Group's operation in Hong Kong had no assessable profits during both periods.

No provision for Singapore Corporate Tax has been made in the interim condensed consolidated financial statements as the Group's operation in Singapore had no assessable profits during the six months ended 30 September 2021.

Under the Enterprise Income Tax Law of the PRC (the "EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries was 25% during both periods, except for the subsidiaries operating in the PRC which are qualified as small and thin-profit enterprises and entitled to a reduced EIT rate of 2.5% for the six months ended 30 September 2021 (six months ended 30 September 2020: nil).

As at 30 September 2021, the Group had unused tax losses of HK\$6,360,000 (31 March 2021: HK\$3,187,000) and had deductible temporary differences of approximately HK\$1,048,504,000 (31 March 2021: HK\$1,066,763,000) available for offset against future profits. No deferred tax asset has been recognised in relation to such deductible temporary differences due to unpredictability of future profits stream.

8. DIVIDEND

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the six months ended 30 September 2021, nor has any dividend been proposed since the end of the reporting period (six months ended 30 September 2020: nil).

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

9. (LOSS)/EARNINGS PER SHARE

	Six months ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)
(Loss)/earnings:		
(Loss)/earnings for the period attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share (HK\$'000)	(355)	18,836
Number of shares:		
Weighted average number of ordinary shares in issue for the purpose of basic and diluted (loss)/earnings per share (in thousands)	412,509	412,509

The basic and diluted (loss)/earnings per share is calculated based on the (loss)/earnings attributable to owners of the Company and the weighted average number of ordinary shares in issue for the six months ended 30 September 2021 and 2020.

The calculation of diluted (loss)/earnings per share for the six months ended 30 September 2021 and 2020 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired property, plant and equipment with a cost of approximately HK\$302,000 (six months ended 30 September 2020: nil). There was no disposal of property, plant and equipment of the Group during both periods.

During the six months ended 30 September 2021, there was no addition to right-of-use assets (six months ended 30 September 2020: HK\$56,000).

As at 30 September 2020, management identified impairment indicator of property, plant and equipment due to the worsened general economic environment and the outbreak of the COVID-19 which the Group's performance was adversely affected. After the impairment assessment by the management, impairment loss of approximately HK\$42,000 was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

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

The Group provides financial leasing services in the PRC.

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Lease receivables	18,269	18,269
Receivables arising from sale and leaseback arrangements	821,014	799,400
	839,283	817,669
	Minimum lease payments	
	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Lease receivables and receivables arising from sale and leaseback arrangements comprise:		
Within one year	1,782,237	1,783,211
In more than one year but not more than two years	23,955	23,955
In more than two years but not more than three years	23,022	23,022
In more than three years but not more than four years	22,088	22,088
In more than four years but not more than five years	38,242	19,964
More than five years	357	18,635
	1,889,901	1,890,875
Less: Unearned finance income	(16,399)	(20,728)
	1,873,502	1,870,147
Less: Impairment allowance	(1,034,219)	(1,052,478)
	839,283	817,669
Analysed for reporting purposes as:		
Current assets	742,580	723,552
Non-current assets	96,703	94,117
	839,283	817,669

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

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

The Group's lease receivables and receivables arising from sale and leaseback arrangements are denominated in RMB which is the functional currency of the relevant group entity. The effective interest rates of the above lease receivables and receivables arising from sale and leaseback arrangements is 8.3% to 15.4% per annum as at 30 September 2021 and 31 March 2021.

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

Lease receivables and receivables arising from sale and leaseback arrangements were considered credit-impaired when the customers fail to settle according to the settlement terms for more than 90 days after taking into consideration the recoverability of collateral and deposits. As at 30 September 2021 and 31 March 2021, the entire carrying amounts of lease receivables and receivables arising from sale and leaseback arrangements were determined to be impaired under the lifetime expected credit losses.

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

	HK\$'000
At 31 March 2020 (Audited)	910,551
Impairment losses recognised, net	96,974
Unwinding discount on loss allowance	997
Disposals	(23,974)
Exchange realignment	67,930
At 31 March 2021 (Audited)	1,052,478
Reversal of impairment losses, net	(18,259)
At 30 September 2021 (Unaudited)	1,034,219

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

12. LOAN RECEIVABLE

As at 30 September 2021 and 31 March 2021, the unsecured loan receivable to a third party of HK\$10,000,000 with effective interest rate of 10% per annum was past due.

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

	HK\$'000
At 31 March 2020 (Audited)	4,266
Impairment losses recognised	1,058
At 31 March 2021 (Audited) and 30 September 2021 (Unaudited)	5,324

13. TRADE RECEIVABLES

The following is an ageing analysis of trade receivables, presented based on the invoice date at the end of the reporting period.

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
0 to 30 days	4,583	–
31 to 60 days	971	–
61 to 90 days	422	–
Over 90 days	642	–
	6,618	–

The credit terms of the trade receivables are ranged from 0 to 60 days from the date of billing.

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

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

14. SECURITY DEPOSITS

Security deposits are placed by the Group with banks to secure (i) the Group's due performance in relation to the lease and sale and leaseback services in the PRC and (ii) the Group's bank borrowings (note 17).

15. TRADE PAYABLES

The following is an ageing analysis of trade payables, presented based on the invoice date at the end of the reporting period.

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
0 to 30 days	37	–

16. OTHER PAYABLES AND ACCRUED CHARGES

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Other tax payables	15,653	15,563
Advance receipt from customers	614	614
Accrued charges	2,582	1,000
Payables to finance lease equipment suppliers	155	155
Other payables	444	375
Amounts due to directors of the Company's subsidiary (note)	1,699	–
	21,147	17,707

Note:

The amounts were unsecured, interest-free and repayable on demand as at 30 September 2021 (31 March 2021: nil).

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

17. BANK BORROWINGS

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Secured	672,573	659,813
Unsecured	4,949	–
	677,522	659,813
Carrying amount repayable:		
On demand or within one year	547,435	443,688
More than one year, but not exceeding two years	127,421	216,125
More than two years, but not exceeding five years	2,666	–
	677,522	659,813
Less: amounts shown under current liabilities	(547,435)	(443,688)
	130,087	216,125

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

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Variable-rate borrowings	652,661	634,877
Fixed-rate borrowings	24,861	24,936
	677,522	659,813

As at 30 September 2021, the Group's variable-rate borrowings carry interest at the rate ranged from 2.75% to 4.75% (31 March 2021: 4.75%) per annum and fixed-rate borrowings carry interest at the rate of 8.05% (31 March 2021: 8.05%) per annum.

As at 30 September 2021, the Group's bank borrowings with carrying amount of approximately HK\$130,946,000 (31 March 2021: HK\$127,897,000) were granted by a bank in the PRC and secured by charges over receivables arising from sale and leaseback arrangements of the Group with an aggregate carrying value of approximately HK\$117,107,000 (31 March 2021: HK\$116,299,000) and guaranteed by a joint venture of a major shareholder of the Company and a director of the Company's subsidiary.

As at 30 September 2021 and 31 March 2021, the Group's bank borrowings with carrying amount of approximately HK\$24,861,000 (31 March 2021: HK\$24,936,000) were secured by bank deposits of HK\$1,190,000 (31 March 2021: HK\$1,190,000) and guaranteed by a joint venture of a major shareholder of the Company and a director of the Company's subsidiary.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

17. BANK BORROWINGS (continued)

As at 30 September 2021 and 31 March 2021, the Group's bank borrowings with carrying amount of approximately HK\$516,766,000 (31 March 2021: HK\$506,980,000) were secured by charges over receivables arising from sale and leaseback arrangements of the Group with an aggregate carrying value of HK\$270,661,000 (31 March 2021: HK\$251,943,000) and guaranteed by a joint venture of a major shareholder of the Company, three independent third parties and a director of the Company's subsidiary.

As at 30 September 2021, the Group's bank borrowings with carrying amount of approximately HK\$4,949,000 (31 March 2021: nil) were guaranteed by two directors of the Company's subsidiary.

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

18. PROMISSORY NOTE

	HK\$'000
At 31 March 2021 (Audited)	–
Fair value of promissory note issued at the inception date	6,191
Imputed interest	32
<hr/>	
At 30 September 2021 (Unaudited)	6,223

On 25 August 2021, the Company issued promissory note with a principal amount of HK\$6,318,000 to Silver Creation Investments Limited ("**Silver Creation**"), a shareholder of the Company, as compensation for Silver Creation to settle part of the consideration on behalf of the Company for the acquisition of Alpha & Leader (note 22). The promissory note was discounted by applying the Group's effective interest rate of 5.98% per annum into its fair value at inception date amounting to approximately HK\$6,191,000. The promissory note was unsecured, interest-free on its principal sum and will be matured on 31 December 2021.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

19. CONTINGENT CONSIDERATION PAYABLES

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Promissory notes to be issued (note (a))	6,407	–
Cash consideration payable (note (b))	3,165	–
	9,572	–

Notes:

- (a) The amount represented the fair value of three tranches of promissory notes to be issued to Solomon Glory Limited (“**Solomon Glory**”), a wholly owned subsidiary of a shareholder of the Company, as compensation for Solomon Glory to transfer certain existing shares of the Company held by it in the maximum amount of 38,503,380 shares to the Vendors (as defined in the Company’s circular dated 30 June 2021) for the acquisition of 51% equity interest in Alpha & Leader (note 22).

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

- (b) Cash consideration in the maximum amount of HK\$3,831,256 will be settled by the Company in March 2024 in respect of the acquisition of 51% equity interest in Alpha & Leader (note 22).

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

The contingent consideration payables were stated at fair value based on the valuation performed by an independent firm of professional valuer. At the inception date, the fair value of the contingent consideration payables was assessed as HK\$9,527,000. As of 30 September 2021, the fair value of the contingent consideration payables was increased by HK\$45,000 and the increase was recognised in the profit or loss for the six months ended 30 September 2021.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

20. DERIVATIVE FINANCIAL LIABILITY

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Derivative financial liability	8,194	–

On 25 August 2021, the Company entered into a lock-up agreement with the Vendors, Goldbond, Silver Creation and Solomon Glory in respect of the acquisition of 51% equity interest in Alpha & Leader (note 22). Pursuant to the lock-up agreement, the restricted period with respect to disposal of the First Tranche Transfer Shares (as defined in the Company's circular dated 30 June 2021) by the Vendors shall be 18 months immediately following the date of shares transfer from Silver Creation. In respect of the First Tranche Transfer Shares only, after 6 months following the date of transfer of the First Tranche Transfer Shares, the Vendors could, by notice in writing sent to the Company, notify the Company of their intention to dispose of all or part of the First Tranche Transfer Shares in the open market through the Stock Exchange during the aforesaid 18-month restricted period but the Vendors shall sell the First Tranche Transfer Shares to independent third parties in the open market through the Stock Exchange at the prevailing market price. In the event that the relevant First Tranche Transfer Shares were disposed of in the open market through the Stock Exchange at a price of less than HK\$0.4 per share, the shortfall amount (being the difference between HK\$0.4 and the average trading price of the relevant First Tranche Transfer Shares being sold in the open market) shall be compensated by the Company to the Vendors in cash.

The derivative financial liability was stated at fair value based on the valuation performed by an independent firm of professional valuer. At the inception date, the fair value of the derivative financial liability was assessed as HK\$8,211,000. As of 30 September 2021, the fair value of the derivative financial liability was decreased by HK\$17,000 and the decrease was recognised in the profit or loss for the six months ended 30 September 2021.

21. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 31 March 2021 (Audited) and 30 September 2021 (Unaudited)	10,000,000,000	100,000
Issued:		
At 31 March 2021 (Audited) and 30 September 2021 (Unaudited)	412,509,000	4,125

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

22. BUSINESS ACQUISITION

On 25 August 2021, the Group completed an acquisition of 51% equity interest in Alpha & Leader. Alpha & Leader Group is principally engaged in provision of debt collection services and credit investigation services in Hong Kong, the PRC and Singapore. The acquisition consideration was/will be satisfied in the following order by: (1) the transfer of existing shares of the Company held by the Company's shareholders namely (i) Silver Creation in the amount of 31,911,908 shares; (ii) Solomon Glory in the amount of 38,503,380 shares; and (2) cash in the amount of HK\$3,831,256, to the Vendors at the agreed proportion by tranches. The consideration shares transferred by Solomon Glory and the cash consideration are subject to the adjustment as mentioned in the Company's circular dated 30 June 2021. The directors believe that the acquisition would enable the Group to augment the development of the Group's leasing business.

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

	HK\$'000 (Unaudited)
Property, plant and equipment	5,260
Trade receivables	7,261
Prepayments, deposits and other receivables	876
Bank balances and cash	5,243
Trade payables	(62)
Accruals and other payables	(1,748)
Contract liabilities	(4,571)
Lease liabilities	(4,682)
Tax liabilities	(817)
Bank borrowings	(5,000)
Amounts due to directors of the Company's subsidiary	(1,693)
Total identifiable net assets acquired	67
Less: Non-controlling interests	(33)
	34
Goodwill	21,193
Total consideration	21,227

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

22. BUSINESS ACQUISITION (continued)

	HK\$'000 (Unaudited)
Satisfied by:	
Consideration shares (note (a))	9,851
Cash consideration payable (note 19 (b))	3,165
Derivative financial liability (note 20)	8,211
Total consideration	21,227

	HK\$'000 (Unaudited)
Net cash inflow arising from the acquisition:	
Cash and bank balances acquired	5,243

Notes:

- (a) The fair value of the consideration shares was determined by reference to the closing market price of HK\$0.14 per share at the acquisition completion date.

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

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

The acquisition-related costs of approximately HK\$1,779,000 have been charged to other operating expenses in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2021.

The goodwill recognised is not deductible for income tax purposes.

The revenue and profit in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2021 contributed by Alpha & Leader Group was HK\$3,486,000 and HK\$731,000 respectively.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

23. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the interim condensed consolidated financial statements, the Group had the following material transactions with related parties during both periods.

Compensation of key management personnel

During the reporting period, the remunerations of key management personnel which represent the directors of the Company and senior management were as follows:

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Salaries and other allowances	1,482	1,402
Retirement benefit scheme contributions	32	18
Equity-settled share-based payments	25	25
	1,539	1,445

The remuneration of directors of the Company is determined having regard to the performance of individuals and market trends.

24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Quoted prices in active markets for identical items (unadjusted);
- Level 2 valuations: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Financial liabilities measured at fair value (continued)

(i) Fair value hierarchy (continued)

	Fair value measurement as at 30 September 2021 (Unaudited)			Fair value
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	as at 30 September 2021 HK\$'000
Recurring fair value measurement				
Financial liabilities measured at fair value through profit or loss ("FVTPL"):				
– Contingent consideration payables				
– promissory notes to be issued	–	–	6,407	6,407
– cash consideration payable	–	–	3,165	3,165
– Derivative financial liability	–	–	8,194	8,194

There were no financial liabilities measured at FVTPL issued by the Group as at 31 March 2021.

There were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy during the period.

(ii) Valuation techniques and inputs used in Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Financial liabilities measured at FVTPL:				
– Contingent consideration payable – promissory notes to be issued	Discounted cash flow	Discount rate	7.03% – 7.84%	The higher the discount rate, the lower the fair value
– Contingent consideration payable – cash consideration payable	Discounted cash flow	Discount rate	7.36%	The higher the discount rate, the lower the fair value
– Derivative financial liability	Binomial lattice model	Expected volatility of the price of the ordinary shares of the Company	67.45%	The higher the expected volatility, the higher the fair value

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Financial liabilities measured at fair value (continued)

(iii) *Fair values of financial assets and liabilities carried at other than fair value*

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated statement of financial position approximate to their fair values.

25. EVENTS AFTER THE REPORTING DATE

- (i) On 21 October 2021, the Company entered into a term loan facility agreement with Goldbond, pursuant to which Goldbond agreed to make available to the Company an unsecured loan facility of HK\$50,000,000 at 6% per annum and repayable in the third anniversary of the first drawdown date. For details, please refer to the Company's announcement dated 21 October 2021.
- (ii) On 26 October 2021, the Company entered into a sale and purchase agreement with Goldbond, pursuant to which the Company conditionally agreed to acquire, and Goldbond conditionally agreed to sell certain shares, representing 51% of the issued share capital in Ultimate Harvest Global Limited, a company incorporated in the British Virgin Islands, at the consideration of HK\$17,000,000. For details, please refer to the Company's announcement dated 26 October 2021.

BUSINESS OVERVIEW

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

Leasing services – financial leasing

The Group conducts financial leasing services including sales and leaseback and direct financial leasing mainly in Hubei Province in the PRC through its wholly-owned subsidiary Rongzhong International Financial Leasing Co., Ltd.

Leasing services – operating lease

The Group has established Wenzhou Jinzhonghui Automobile Leasing Services Co., Ltd. (“**Wenzhou Jinzhonghui**”) for the provision of automobile operating lease services in Wenzhou of the PRC. Wenzhou Jinzhonghui is a directly wholly-owned subsidiary of Shenzhen Jinzhonghui Consultancy Holdings Co., Ltd., which in turn is a wholly-owned subsidiary of the Company. The Group as the lessor generates lease income through rental of automobiles and delivers the vehicles to its lessees who make periodic lease payments to the Group.

For further details, please refer to the Company’s announcement dated 30 September 2021.

Debt collection and credit investigation services

The Group conducts its debt collection services, due diligence and credit investigation services in Hong Kong, the PRC and Singapore through Alpha & Leader Group. Debt collection services are provided to clients with past due commercial accounts receivables ranging from 3 – 12 months, and this is a non-litigation service that enables creditors to recover their past due accounts receivables through mediation and dispute resolution, rather than going through the lengthy process of litigation resulting in further commitments on legal costs and risk of non-recoverable debts. Credit investigation services are performed through established networks, databases and credit assessment system using big data analytics which in-turn generate and provide credit reports, credit scoring results and recommendations to clients prior to the entering into potential business transactions.

FINANCIAL REVIEW

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

Revenue

The Group realised revenue for the Reporting Period of approximately HK\$7.6 million, representing a decrease of approximately HK\$2.8 million as compared to the previous corresponding period ended 30 September 2020. This was mainly due to the worsening of general economic environment caused by the outbreak of the COVID-19 pandemic. Hence, the Group has strategised to diversify its sources of income generated from leasing services outside of Hubei Province and to diversify the associated business risks in order to safeguard the Group’s assets.

Management Discussion and Analysis

Leasing services – financial leasing

The Group's revenue derived from the provision of financial leasing services in Hubei Province comprises of interest income and finance income. Lease contracts are generally priced at a market interest rate, determined with reference to the prevailing interest rates for commercial lending plus a premium. During the Reporting Period, the Group recorded revenue of approximately HK\$4.1 million from the provision of financial leasing services, representing a decrease of approximately 60.5% from approximately HK\$10.4 million as recorded in the previous corresponding period ended 30 September 2020. This was mainly due to the worsening of general economic environment caused by the outbreak of the COVID-19 pandemic. Hence, the Group's has strategised to diversify its sources of income generated from leasing services outside of Hubei Province and to diversify the associated business risks in order to safeguard the Group's assets.

Leasing services – operating lease

During the Reporting Period, the Group recorded revenue of approximately HK\$3,000 from the provision of automobile operating lease services in Wenzhou. The Group as the lessor generates lease income through the rental of automobiles and delivers the vehicles to its lessee who makes periodic lease payments to the Group. Lease contracts are generally priced at a market rate. As mentioned in the section headed "BUSINESS OVERVIEW", the Group had established Wenzhou Jinzhonghui for the provision of automobile operating lease services in Wenzhou of the PRC.

Debt collection services

During the Reporting Period, the Group recorded revenue of approximately HK\$1.4 million from the provision of debt collection services. Debt collection services are provided to clients with past due commercial accounts receivables. Substantially all revenue derived from the provision of debt collection services are recognized upon successful recovery of past due receivables. Service fees are usually charged based on the quality of the receivables and the period of time such receivables have been past due.

Due diligence and credit investigation services

During the Reporting Period, the Group recorded revenue of approximately HK\$2.1 million from the provision of due diligence and credit investigation services. The Group provides due diligence and credit investigation services to its clients and service fees are charged based on the agreed upon scope covering the number of search targets, search period and the complexity of obtaining the relevant information.

Staff costs

Staff costs of the Group amounted to approximately HK\$4.8 million for the Reporting Period, representing an increase of approximately 61.5% from approximately HK\$3.0 million recorded in the previous corresponding period ended 30 September 2020. This was mainly due to the increase in the number of staff resulting from the commencement of the debt collection services, due diligence and credit investigation services in Hong Kong, the PRC and Singapore during the Reporting Period.

Other operating expenses

During the Reporting Period, other operating expenses of the Group amounted to approximately HK\$5.2 million, representing an increase of approximately 57.2% from approximately HK\$3.3 million recorded in the previous corresponding period ended 30 September 2020. This increase was mainly attributable to the increase in legal and professional fee.

Reversal of impairment losses on financial assets

Reversal of impairment losses on financial assets is approximately HK\$18.3 million for the Reporting Period. This was mainly due to changes in recoverability of certain past due lease receivables and receivables arising from sale and leaseback arrangements. In the previous corresponding period ended 30 September 2020, the reversal of impairment losses on financial assets amounted to approximately HK\$30.0 million.

Other income

Other income of the Group mainly comprised of bank interest income and government grants. During the Reporting Period, the other income of the Group amounted to approximately HK\$28,000, representing a decrease of approximately 91.2% from approximately HK\$319,000 recorded in the previous corresponding period ended 30 September 2020. Such a decrease was due to the decrease in government subsidies.

Finance costs

Finance costs of the Group comprised of interest on borrowings, interest on lease liabilities, imputed interest on interest-free deposits from customers and imputed interest on promissory note. During the Reporting Period, finance costs of the Group amounted to approximately HK\$15.7 million, representing an increase of approximately 3.6% from approximately HK\$15.2 million in the previous corresponding period ended 30 September 2020. This was mainly due to the increase in the principal amount of bank borrowings.

As at 30 September 2021, the outstanding bank borrowings guaranteed by related parties amounted to approximately HK\$672.6 million (30 September 2020: approximately HK\$634.3 million) and the guarantee fee paid to the related parties during the Reporting Period amounted to nil (six months ended 30 September 2020: nil). For further information, please refer to the section headed "Exempt Continuing Connected Transactions", sub-section headed "The Bank Guarantee Agreements" on page 46 of this report.

Profit for the period

Profit for the period of the Company amounted to approximately HK\$3,000 for the Reporting Period. This was mainly due to the decrease in reversal of impairment losses on financial assets. In the previous corresponding period ended 30 September 2020, profit for the period amounted to approximately HK\$18.8 million.

Interim dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: nil).

Liquidity, financial resources and capital resources

As at 30 September 2021, the aggregate sum of the Group's bank balances and cash, short-term bank deposits amounted to approximately HK\$9.9 million (31 March 2021: approximately HK\$12.3 million), representing a decrease of approximately HK\$2.4 million compared to 31 March 2021. This was due to a combination of multiple effects including the Group's conservative strategy to promote business during the economic downturn resulting in a decrease in business volume, slow-down in the collection of past due financial assets and thus, an increase in the use of internal funding. The Group's current liabilities included promissory note of approximately HK\$6.2 million (31 March 2021: nil). The Group recorded net current liabilities of approximately HK\$93.8 million as at 30 September 2021 (31 March 2021: net current assets approximately HK\$10.8 million). The capital deficiency of the Group was approximately HK\$112.4 million (31 March 2021: approximately HK\$110.0 million).

Management Discussion and Analysis

As at 30 September 2021, the Group's bank borrowings with maturity within one year amounted to approximately HK\$547.4 million (31 March 2021: approximately HK\$443.7 million) and the Group's bank borrowings with maturity that exceeded one year amounted to approximately HK\$130.1 million (31 March 2021: approximately HK\$216.1 million). For particulars of bank borrowings of the Group as at 30 September 2021, please refer to note 17 to the interim condensed consolidated financial statements.

Our gearing ratio (total bank borrowings/total equity) as at 30 September 2021 was not applicable (31 March 2021: not applicable).

Loan receivable

Loan receivable represents an unsecured loan to a third party with principal amount of HK\$10.0 million (31 March 2021: HK\$10.0 million) carrying interest at 10% per annum. The loan receivable was past due as at 30 September 2021 and the impairment loss allowance is approximately HK\$5.3 million (31 March 2021: approximately HK\$5.3 million).

Charges on group assets

As at 30 September 2021, the Group's bank borrowings with carrying amount of approximately HK\$647.7 million (31 March 2021: approximately HK\$634.9 million) were granted by banks in the PRC and secured by charges over receivables arising from sale and leaseback arrangements of the Group with an aggregate carrying value of approximately HK\$387.8 million (31 March 2021: approximately HK\$368.2 million).

As at 30 September 2021, the Group's bank borrowings with carrying amount of approximately HK\$24.9 million (31 March 2021: approximately HK\$24.9 million) were secured by bank deposits of approximately HK\$1.2 million (31 March 2021: approximately HK\$1.2 million).

Capital commitments

As at 30 September 2021, the Group had no capital commitments (31 March 2021: nil).

Employees and remuneration policy

As at 30 September 2021, the Group had 136 staff located in Hong Kong, the PRC and Singapore, and their remuneration is determined based on the employees' performance, experience and prevailing industry practices. The Group also offers other benefits such as medical insurance, retirement schemes and training subsidies to our employees. In addition, the Group has set up a share option scheme for the purpose of providing incentives to the eligible employees.

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

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

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

RISK FACTORS AND MANAGEMENT

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

The Group’s credit risk is primarily attributable to lease receivables and receivables arising from sale and leaseback arrangements, loan receivable, short-term bank deposits, security deposits, trade and other receivables and bank balances and cash. Our Group reviews individual outstanding amount regularly depending on individual circumstance and market condition.

Our financial leasing business is positioned to fulfill the financing needs of SMEs and the sustainability of our business and future growth depend on our ability to manage our credit risk effectively. As such, any deterioration in the asset quality or collectability of the lease receivables and receivables arising from sale and leaseback arrangements could adversely affect our business, prospects and financial conditions. Due to the continue worsening of general economic environment caused by the outbreak of the COVID-19 pandemic, it is inevitable for some corporations to be faced with a greater risk of default, especially the SMEs. As most SMEs customers in general have less financial resources in terms of capital or fund raising capability when comparing to larger corporations, and as such, they are more likely to be adversely affected by changes in market conditions, which poses increasing risk of default to our Group. Our management has been monitoring the changes of our customers’ credit risk, and we had, in fact, in some cases requested additional collaterals and pledged assets from customers as a form of additional precautionary measures. We will continue to closely monitor the value of the related leased assets and the collaterals securing our leases in order to take effective additional precautionary measures to minimize our risk of exposure to such credit risks.

Risk relating to funding sources and interest rate

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

Foreign exchange risk

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

Liquidity risk

The Group is exposed to liquidity risk in respect of settlement of trade payables, other payables and accrued charges, promissory note, derivative financial liability, contingent consideration payables and bank borrowings and its financing obligations, and also in respect of its cash flow management. The Group’s policy is to regularly monitor its liquidity requirements to ensure the Group maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

CONTINGENT LIABILITIES

As at 30 September 2021, the Group did not have any material contingent liabilities (31 March 2021: nil).

Management Discussion and Analysis

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

EVENTS AFTER THE PERIOD UNDER REVIEW

Financial assistance from a connected person

On 21 October 2021, the Company as the borrower and Goldbond Group Holdings Limited, the controlling shareholder of the Company, as lender (the “**Lender**”), entered into the loan agreement, pursuant to which the Lender agreed to make available to the Company an unsecured loan facility of HK\$50,000,000 at 6% per annum and repayable in the third anniversary of the first drawdown date.

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

Agreement in relation to the acquisition of 51% equity interest in Ultimate Harvest Global Limited

On 26 October 2021, the Company as the purchaser and Goldbond Group Holdings Limited, the controlling shareholder of the Company, as vendor (the “**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, 51% of the issued share capital of Ultimate Harvest Global Limited, at the consideration of HK\$17,000,000, which will be satisfied by the issuance of convertible bonds and loan note.

For details, please refer to the Company’s announcement dated 26 October 2021.

Latest status of the Group

During the six months ended 30 September 2021, the Group had successfully renewed its bank borrowings with principal amounts of approximately HK\$232,347,000 in the aggregate for not less than 13 months. As at 30 September 2021, the Group has been negotiating the renewal of its bank borrowings with principal amounts of approximately HK\$30,182,000 and HK\$146,656,000 that were repayable in July 2021 and within 3 months after the reporting date respectively.

In addition, 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 letter of undertaking, the Related Party agreed to take up (by way of assignments): (i) certain lease receivables and receivables arising from sale and leaseback arrangements; and (ii) certain bank borrowings of the Group. The aforesaid bank borrowings renewal together with assignments of bank borrowings is under approval process of the relevant bank. For further details, please refer to the Company’s announcement dated 28 June 2021.

During the six months ended 30 September 2021, the Group completed an acquisition of 51% equity interest in Alpha & Leader. Alpha & Leader Group is principally engaged in provision of debt collection services and credit investigation services in Hong Kong, the PRC and Singapore. The Board is confident that the acquisition would enable the Group to augment the development of the Group’s leasing business.

The Group has been actively reviewing and processing loan applications for its leasing business and has commenced operating leasing services in Wenzhou of the PRC. For further details, please refer to the Company's announcement dated 30 September 2021. The Board has also been actively looking for acquisition targets which may create synergy to the Group and provide sustainable sources of revenue to the Group. On 26 October 2021, the Company as purchaser entered into an agreement to acquire 51% of the issued share capital of Ultimate Harvest Global Limited. For details, please refer to the section headed "EVENTS AFTER THE PERIOD UNDER REVIEW".

In addition, the Company and Goldbond Group Holdings Limited, the controlling shareholder of the Company, as the Lender, entered into a loan agreement, pursuant to which the Lender agreed to make available to the Company an unsecured loan facility of HK\$50,000,000 at 6% per annum and repayable in the third anniversary of the first drawdown date. For details, please refer to the Company's announcement dated 21 October 2021.

Save as disclosed above, there is no other change to the Group's business plan regarding its leasing business and the Board firmly believes that the Group's business will turn around as and when the general economic environment in the PRC and the global COVID-19 pandemic gradually improve. The Group will continue to manage, develop and execute various strategies to recover its overdue receivables and take various actions including lawsuits, debt restructuring and other methods to effectively improve the liquidity position of the Group.

BUSINESS REVIEW AND PROSPECTS

The first half of the financial year 2021/2022 continued to be extremely difficult and challenging for the Group. In recent years, the Group has been adversely affected by various factors including the global political tensions and the continuous worsening of economic environment caused by the outbreak of the COVID-19 pandemic. Since establishment, the Group has been operating its financial leasing business primarily in Hubei Province of the PRC, the Group was forced to suspend its operation in Wuhan for months while Wuhan and Hubei Province was in months of lock down due to the COVID-19 pandemic. In addition, the Group has experienced diminishing revenue and operations against the on-going pandemic. Nevertheless, the Group is making its best effort to restore its operations and remains committed to diversify its income sources and business risks outside of Hubei Province.

Looking forward, while 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 remains committed in diversifying its income sources and business risks outside of Hubei Province and strives to grow its leasing businesses as well as to develop other new businesses in the PRC and the Asia Pacific region as new sources of income to diversify its business risks. The establishment of Wenzhou Jinzhonghui is a strategic step for the Group to diversify its sources of income generated from leasing business outside of Hubei Province. The Board considers that diversification of business risks is a key in enhancing the operations of the Group, leveraging on the Group's existing operations and to further enhance synergy across multiple platforms. The Board has also been actively looking for acquisition targets which may create synergy to the Group and provide sustainable sources of revenue to the Group. On 26 October 2021, the Company as the purchaser entered into an agreement to acquire 51% of the issued share capital of Ultimate Harvest Global Limited. For details, please refer to the section headed "EVENTS AFTER THE PERIOD UNDER REVIEW".

Corporate Governance Report

The Group is committed to promote good corporate governance and has set up procedures on corporate governance that comply with the principles in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”). During the Reporting Period, except as disclosed in this report, the Company had complied with all code provisions in the CG Code and had adopted most of the recommended best practices set out in the CG Code except for the following:

As at the date of this report, the Company does not have a chairman of the Board (the “**Chairman**”) to discharge the duties as required under CG Code A.2.2 to A.2.9. The daily operation and management of the Company are monitored by the executive Director as well as the senior management of the Company (the “**Senior Management**”). The Board is of the view that although there is no Chairman, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting the operation of the Company and the Group. This arrangement can still enable the Company to make and implement decisions promptly, and thus achieve the Company’s objectives efficiently and effectively in response to the changing environment. Also, CG Code E.1.2 stipulates that the Chairman should attend the annual general meeting. As the position of the Chairman was vacant as at the date of the annual general meeting held on 1 September 2021, Ms. Wong Emilie Hoi Yan, the executive Director and chief executive officer of the Company, was appointed as the chairman of the annual general meeting to answer and address questions raised by the shareholders at the annual general meeting. The Company will, at the appropriate time, arrange for the election of a Chairman.

COMPOSITION AND RESPONSIBILITIES OF THE BOARD

As at the date of this report, the Board consists of eight Directors, comprising one executive Director (the “**Executive Director**”), four non-executive Directors (the “**Non-executive Directors**” and each a “**Non-executive Director**”) and three independent Non-executive Directors (“**INEDs**”).

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

The Board is entrusted with the overall responsibility of monitoring the Company’s business and affairs and ultimately responsible for the management of the Company which is delegated to the Chairman, the chief executive officer (the “**Chief Executive Officer**”) and the Senior Management. The roles of the Chairman and the Chief Executive Officer are separated.

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

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

Each of the Non-executive Directors is appointed for a specific term which may be extended as each of the Non-executive Directors and the Company may agree, unless previously terminated in accordance with the terms and conditions of the relevant letter of appointment or director's service contract. Pursuant to the amended and restated memorandum and articles of association of the Company as adopted by a special resolution passed on 18 December 2015 (the "**Articles**"), at each annual general meeting one-third of the Directors for the time being, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

BOARD DIVERSITY POLICY

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

BOARD COMMITTEES

The Company established four Board committees on 18 December 2015, namely the audit committee (the "**Audit Committee**"), the nomination committee (the "**Nomination Committee**"), the remuneration committee (the "**Remuneration Committee**") and the risk management committee (the "**Risk Management Committee**"). The terms of reference of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee are posted on the websites of the Company and the Stock Exchange.

Corporate Governance Report

Audit Committee

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

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 September 2021 have been reviewed by the Audit Committee before they are duly approved by the Board under the recommendation of the Audit Committee.

Nomination Committee

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

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

As at the date of this report, the Nomination Committee consists of two Non-executive Directors: Mr. Chen and Ms. Wong Michelle Yatyee ("**Ms. Michelle Wong**"); and three INEDs: Mr. Lie, Mr. Ng and Mr. Yu. The chairman of the Nomination Committee is Mr. Ng.

Remuneration Committee

The Remuneration Committee was established by the Board on 18 December 2015 with written terms of reference in compliance with the Listing Rules and the CG Code. The primary duties of the Remuneration Committee during the Reporting Period included but not limited to regularly monitoring of the remuneration of all the Directors and Senior Management to ensure that levels of their remuneration and compensation are appropriate, to assess the performance of the Executive Director and to approve the terms of Executive Director's service contracts and to make recommendations to the Board on the remuneration packages of individual Executive Director and Senior Management. As at the date of this report, the Remuneration Committee consists of two Non-executive Directors: Mr. Chen and Ms. Michelle Wong; and three INEDs: Mr. Lie, Mr. Ng and Mr. Yu. The chairman of the Remuneration Committee is Mr. Ng.

Risk Management Committee

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

DIRECTORS’ RESPONSIBILITY OF FINANCIAL REPORTING

The Directors acknowledge their responsibility for the preparation of financial statements of the Group and ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and the related interpretations, adjustments and estimates made are prudent and reasonable and the financial statements have been prepared on a going concern basis. The Directors are aware of significant uncertainties which may cast doubt about the Group’s ability to continue as going concern as set out in note 2 in the interim condensed consolidated financial statements.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the responsibility to maintain an effective risk management and internal control system in order to safeguard the Group’s assets and investments and the Shareholders’ interest. The Board reviews the effectiveness of the Group’s risk management and internal control system at least once a year. The Company had engaged an external independent internal audit service provider to review the effectiveness of the Group’s internal control system on financial reporting, operation and compliance. The relevant assessment and review reports with strengths and recommendations for improvements were presented to the Audit Committee and the Board for assessing the effectiveness of the risk management and internal control system. The Audit Committee has also reviewed the adequacy of resources, staff qualifications and experience, training programs and budget of the Group’s accounting, internal audit and financial reporting functions performed by the external independent internal audit service provider. The Board, through the reviews and recommendations made by the external independent internal audit service provider and the Audit Committee, concluded that the risk management and internal control systems are effective and adequate for the Group.

Other Information

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

As at 30 September 2021, 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 Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)(the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

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

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

Notes:

1. The letters “L” and “S” denote the Directors’ long position and short position in the Shares or underlying Shares of the Company respectively.
2. Such interests include 10,127,176 Shares held by Legend Crown International Limited (“**Legend Crown**”) and 10,107,066 Shares held by Plenty Boom Investments Limited (“**Plenty Boom**”). Ms. Jacqueline Wong founded the discretionary trust (the “**Ace York Management Trust**”) of which the property included the entire issued share capital of Legend Crown and Plenty Boom. The trustee of the Ace York Management Trust is Ace York Investment Management Limited (“**Ace York Management**”, a company owned as to 50% by Ms. Jacqueline Wong and 50% by Ms. Michelle Wong), where the beneficiaries are Ms. Jacqueline Wong and Ms. Michelle Wong and their respective issue(s). By virtue of the above, Ms. Jacqueline Wong, Ms. Michelle Wong and Ace York Management are taken to have a duty of disclosure in relation to the said Shares held by Legend Crown and Plenty Boom under the SFO.
3. Such Shares include 143,805,903 Shares held by Perfect Honour Limited (“**Perfect Honour**”), which is a wholly owned subsidiary of Goldbond Group Holdings Limited (“**Goldbond**”). Mr. Wong Charles Yu Lung (“**Mr. Wong**”) and Mrs. Wong Fang Pik Chun (“**Mrs. Wong**”), parents of Ms. Michelle Wong and Ms. Jacqueline Wong established the Allied Luck Trust (as defined below) and Ms. Michelle Wong and Ms. Jacqueline Wong established the Aceyork Trust (as defined below), where both Ms. Jacqueline Wong and Ms. Michelle Wong and their respective issue(s) are the beneficiaries of such trusts. The assets of the Allied Luck Trust include all the Goldbond’s shares held by Allied Luck Trading Limited (“**Allied Luck**”, a company wholly-owned by the Allied Luck Trust), being approximately 30.99% of the total issued share capital of Goldbond, (the “**Allied Luck Trust**”), and the assets of the Aceyork Trust included all the Goldbond’s shares held by Ace Solomon Investments Limited (“**Ace Solomon**”) being approximately 26.06% of the total issued share capital of Goldbond. Ace Solomon is a company jointly owned by Allied Golden Investment Limited (“**Allied Golden**”) and Aceyork Investment Limited (“**Aceyork**”), which (in each of the cases of Allied Golden and Aceyork) in turn are wholly-owned by the Aceyork Trust (the “**Aceyork Trust**”). Ms. Jacqueline Wong and Ms. Michelle Wong being beneficiaries of the Allied Luck Trust and the Aceyork Trust, in turn, holds approximately 34.86% of the issued share capital of the Company through Perfect Honour. By virtue of the above, Ms. Jacqueline Wong and Ms. Michelle Wong are taken to have a duty of disclosure in relation to the said Shares held by Perfect Honour under the SFO.
4. On 3 May 2018, Solomon Glory Limited (“**Solomon Glory**”), which is a wholly owned subsidiary of Goldbond, as lender, enforced its rights under the security of a loan agreement pursuant to which Yong Hua International Limited (“**Yong Hua**”) has charged its assets including the shares (the “**Charged Shares**”) of the Company held by Yong Hua by way of floating charge, which has been crystallised 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 30 September 2021, there was a total of 412,509,000 Shares in issue.

Save as disclosed above, as at 30 September 2021, 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.

Other Information

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

So far as the Directors are aware as of 30 September 2021, 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:

Interest in the Shares/underlying Shares of the Company

Name of substantial shareholder	Capacity/nature of interest	Number of Shares/ underlying Shares (Note 1)	Total Interest	Approximate % of issued shares
Ms. Wong Jacqueline Yue Yee ("Ms. Jacqueline Wong")	(i) Beneficial owner	400,000 (L) (Note 2)		
	(ii) Interest in controlled corporations/founder of a discretionary trust	20,234,242 (L) (Note 3)		
	(iii) Beneficiary of a trust	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. Wong Michelle Yatyee ("Ms. Michelle Wong")	(i) Beneficial owner	400,000 (L) (Note 2)		
	(ii) Interest in controlled corporations	20,234,242 (L) (Note 3)		
	(iii) Beneficiary of a trust	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%

Name of substantial shareholder	Capacity/nature of interest	Number of Shares/ underlying Shares (Note 1)	Total Interest	Approximate % of issued shares
Goldbond Group Holdings Limited ("Goldbond")	Interest in controlled corporation	143,805,903 (L) (Note 4)		34.86%
	Interest in controlled corporation	38,503,380 (S) (Note 5)		9.33%
Perfect Honour Limited ("Perfect Honour")	Beneficial owner	143,805,903 (L) (Note 4)		34.86%
Solomon Glory Limited ("Solomon Glory")	Having a security interest in shares	38,503,380 (S) (Note 5)		9.33%
Mr. Zhao John Huan ("Mr. Zhao")	Interest in controlled corporation	45,615,347 (L) (Note 7)		11.05%
Silver Creation Investments Limited ("Silver Creation")	Beneficial owner	45,615,347 (L) (Note 7)		11.05%
Hony Capital Fund 2008, L.P. ("Hony Capital")	Interest in controlled corporation	45,615,347 (L) (Note 7)		11.05%
Hony Capital Fund 2008 GP, L.P. ("Hony GP, L.P.")	Interest in controlled corporation	45,615,347 (L) (Note 7)		11.05%
Hony Capital Fund 2008 GP Limited ("Hony GP")	Interest in controlled corporation	45,615,347 (L) (Note 7)		11.05%
Hony Group Management Limited ("Hony Management")	Interest in controlled corporation	45,615,347 (L) (Note 7)		11.05%
Hony Managing Partners Limited ("Hony Partners")	Interest in controlled corporation	45,615,347 (L) (Note 7)		11.05%
Exponential Fortune Group Limited ("Exponential Fortune")	Interest in controlled corporation	45,615,347 (L) (Note 7)		11.05%
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%

Other Information

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. The two references to the 20,234,242 Shares relate to the same block of Shares held by Legend Crown and Plenty Boom. Please refer to Note 2 on page 41 of this report for further details. By virtue of the above, Ms. Jacqueline Wong and Ms. Michelle Wong are taken to have duty of disclosure in relation to these Shares held by Legend Crown and Plenty Boom.
4. The six references to the 143,805,903 Shares relate to the same block of Shares held by Perfect Honour. Please refer to Note 3 on page 41 of this report for further details. By virtue of the above, Ms. Jacqueline Wong, Ms. Michelle Wong, Mr. Wong, Mrs. Wong, Perfect Honour and Goldbond are taken to have a duty of disclosure in relation to these Shares held by Perfect Honour.
5. The six references to the 38,503,380 Shares relate to the same block of Shares held by Solomon Glory. Please refer to Note 4 on page 41 of this report for further details. By virtue of the above, Ms. Jacqueline Wong, Ms. Michelle Wong, Mr. Wong, Mrs. Wong, Solomon Glory and Goldbond are taken to have a duty of disclosure in relation to these Shares held by Solomon Glory.
6. Mr. Kwok Gareth Wing-Sien, the spouse of Ms. Michelle Wong, is deemed to be interested in Ms. Michelle Wong’s interest in the Company.
7. The eight references to the 45,615,347 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 on page 41 of this report for further details. By virtue of the above, Mr. Xie is taken to have a duty of disclosure in relation to the said Shares held by Yong Hua under the SFO.
10. As at 30 September 2021, there was a total of 412,509,000 Shares in issue.

Save as disclosed above, as at 30 September 2021, the Directors were not aware of any person who had an interest or short position in the Shares and the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Expressions used in the sections headed “Connected Persons”, “Exempt Continuing Connected Transactions”, “Non-Competition Deeds” and “Deed of Undertaking” shall have the same meanings given to them in the Company’s prospectus dated 18 January 2016 (the “Prospectus”)

CONTINUING CONNECTED TRANSACTIONS

CONNECTED PERSONS

Rongzhong Group Limited (“Rongzhong Group”)

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

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

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

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Trademarks Licence Agreements

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

Other Information

Finance Lease Guarantee Agreements

For all our financial leasing arrangements, in addition to the leased assets, we normally require our customers to provide additional securities to further secure their lease payment obligations under the finance leases, which include, among others, certain assets that we may not be able to register as the pledgee or mortgagee under the current practice of the PRC to take up as security (the “**Additional Assets**”) as we are a wholly-foreign invested financial leasing entity. In this regard, our subsidiary and main operating entity, Rongzhong International Financial Leasing Co., Ltd (“**Rongzhong PRC**”) entered into (i) one finance lease guarantee agreement with Wuhan Rongzhong on 15 May 2015 and one finance lease guarantee supplemental agreement with Wuhan Rongzhong on 28 March 2019 and (ii) three finance lease guarantee agreements with Wuhan Jinhong on 13 January 2016, 30 March 2016 and 18 May 2016 respectively, (collectively as the “**Finance Lease Guarantee Agreements**” and each a “**Finance Lease Guarantee Agreement**”) pursuant to which Wuhan Rongzhong and Wuhan Jinhong acted as a guarantor in favor of Rongzhong PRC in respect of the lease payment obligations of certain customers of Rongzhong PRC under their respective finance lease agreement entered into with Rongzhong PRC. In return, these customers would pledge their Additional Assets to Wuhan Rongzhong and Wuhan Jinhong as securities to further secure their payment obligations to Wuhan Rongzhong and Wuhan Jinhong under separate agreements entered into with Wuhan Rongzhong and Wuhan Jinhong respectively. The guarantee obligations of Wuhan Rongzhong and Wuhan Jinhong under the Finance Lease Guarantee Agreements shall continue for a period of two years from the date on which the payment obligations of the customers under the relevant finance lease agreements entered into with Rongzhong PRC have been fulfilled. The guarantee fees (if any) payable to Wuhan Rongzhong and Wuhan Jinhong were borne entirely by the customers of Rongzhong PRC.

The Bank Guarantee Agreements

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

On 30 September 2021, Mr. Xie and Rongzhong Capital Investments had confirmed that each of Mr. Xie and Rongzhong Capital Investments had agreed to provide certain guarantees in favor of the banks for their grant of loans to Rongzhong PRC, such guarantees expire two years upon the settlement of the loans and no guarantee fee is payable by Rongzhong PRC to Mr. Xie and Rongzhong Capital Investments for the provision of guarantee services. As at 30 September 2021, Mr. Xie and Rongzhong Capital Investments have provided the following guarantees to banks for their grant of loans to Rongzhong PRC.

Guarantor(s)	As at 30 September 2021	As at 31 March 2021
	<i>(HK\$' million approximately)</i>	
Mr. Xie	672.6	659.8
Rongzhong Capital Investments	672.6	659.8

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

NON-COMPETITION DEEDS

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

- a. Rongzhong Group (other than through a member of the Group);
 - b. Mr. Wong, Mrs. Wong, Legend Crown and Plenty Boom (except for Rongzhong Group and its close associates); and
 - c. Mr. Xie, Yong Hua, Clifton Rise and Capital Grower (except Rongzhong Group and its close associates),
- collectively referred to as the “**Covenantors**” and each “**Covenantor**”.

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

- (i) not, directly or indirectly, be interested or involved or engaged in or acquire or hold any right or interest (in each case whether as a director or shareholder, other than being a director or shareholder of the Group, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which competes or is likely to compete directly or indirectly with the finance leasing business currently and from time to time engaged by the Group including but not limited to the provision of direct leasing, sale leaseback and financial leasing related advisory services to SMEs in the PRC (the “**Restricted Activity**”) (other than the small loan business operated by Yancheng Goldbond Supply Chain Management Company Limited (formerly known as Yancheng Goldbond Technology Small Loan Company Limited, “**Yancheng Goldbond**”) and Rongzhong Credit (Hubei) Limited (the “**Rongzhong Small Loan**”)), unless pursuant to the exception set out below;
- (ii) not to solicit any existing employee of the Group for employment by it or its subsidiaries and/or close associates (as applicable) (excluding members of the Group);
- (iii) not, without the consent from the Company, make use of any information pertaining to the business of the Group which may have come to its knowledge in its capacity as our Controlling Shareholder or Director for any purpose of engaging, investing or participating in any Restricted Activity;
- (iv) if there is any project or new business opportunity that relates to the Restricted Activity, refer such project or new business opportunity to the Group for consideration;

Other Information

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

New business opportunity

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

- (i) each of the Covenantors is required to, and shall procure its subsidiaries and/or its close associates (as applicable) (other than members of the Group) to refer, or to procure the referral of, the New Opportunities to us, and shall give written notice to us of any New Opportunities containing all information reasonably necessary for us to consider whether (a) such New Opportunities would constitute competition with the Restricted Activity; and (b) it is in the interest of the Group and the Shareholders as a whole to pursue such New Opportunities, including but not limited to the nature of the New Opportunities and the details of the investment or acquisition costs (the “**Offer Notice**”); and
- (ii) the Offeror will be entitled to pursue the New Opportunities only if (a) the Offeror has received a notice from us declining the New Opportunities; or (b) the Offeror has not received such notice from us within 10 Business Days from our receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Opportunities pursued by the Offeror, the Offeror will refer the New Opportunities as so revised to us in the manner as set out above.

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

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

Right of first refusal

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

Customer referral obligation

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

Conflict check obligation

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

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

- (a) the aggregate interests or number of shares held by the Covenantor (including its subsidiaries and/or its close associates) (as applicable) does not exceed 5.00% of the issued share capital of the Subject Company; and
- (b) neither the Covenantor nor its subsidiaries and/or close associates (as applicable) has board or management control of the Subject Company.

Other Information

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

- (i) in respect of:
 - (a) Mr. Wong, Mrs. Wong, Plenty Boom and Legend Crown, the date on which Mr. Wong and Mrs. Wong, individually or taken as a whole, cease to be our Controlling Shareholders;
 - (b) Mr. Xie, Yong Hua, Clifton Rise and Capital Grower, the date on which they and their respective subsidiaries, individually or taken as a whole, cease to be our Substantial Shareholders; and
 - (c) Rongzhong Group, the date on which Goldbond and Perfect Honour cease to be our Controlling Shareholders; or
- (ii) the date on which the Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange.

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

DEED OF UNDERTAKING

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

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

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

- (a) the date on which Goldbond or its subsidiaries, individually or taken as a whole, ceases to be a Controlling Shareholder of the Company; and
- (b) the date on which the Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange.

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

SHARE OPTION SCHEME

On 18 December 2015, the Company conditionally approved and adopted the share option scheme (the "**Share Option Scheme**") in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to provide any Directors and full time employees of any member(s) of our Group (the "**Participant(s)**") with the opportunity to acquire proprietary interest in our Company and to encourage them to work towards enhancing the value of our Company and its shares for the benefit of the Company and its Shareholders as a whole. On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules (in particular as to grant of options to Directors, chief executives and substantial shareholders of our Company or their respective associates), the Board shall be entitled at any time within 10 years after the date of adoption of the Share Option Scheme to make an offer for the grant of an option to any Participant as the Board may determine. The number of Shares which may be issued pursuant to the exercise of the options to be granted under the Share Option Scheme is 40,000,000 Shares in total.

Other Information

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

Grantee	Date of grant	Exercise price (HK\$)	Closing price of the options shares immediately before the date of grant (HK\$)	Exercise period (Note 2)	Outstanding at 31 March 2021 and 30 September 2021
Director					
Ms. Emilie Wong	10/2/2020	0.400	0.350	10/2/2023-9/2/2030	400,000
Ms. Jacqueline Wong	10/2/2020	0.400	0.350	10/2/2023-9/2/2030	400,000
Ms. Michelle Wong	10/2/2020	0.400	0.350	10/2/2023-9/2/2030	400,000
Mr. David Wong	10/2/2020	0.400	0.350	10/2/2023-9/2/2030	4,000,000
Mr. Lie	10/2/2020	0.400	0.350	10/2/2023-9/2/2030	22,000
Mr. Ng	10/2/2020	0.400	0.350	10/2/2023-9/2/2030	22,000
Mr. Yu	10/2/2020	0.400	0.350	10/2/2023-9/2/2030	22,000
Eligible employees (in aggregate)	10/2/2020	0.400	0.350	10/2/2023-9/2/2030	500,000
					5,766,000

Notes:

- 1 During the Reporting Period, no share options were granted, exercised, lapsed or cancelled under the Share Option Scheme.
- 2 The minimum period for which a share option must be held before it can be exercised is the third anniversary of the date of grant.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the Reporting Period.

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

By Order of the Board
Wong Emilie Hoi Yan
Executive Director

Hong Kong, 26 November 2021