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

ANNOUNCEMENT FOR THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China Rongzhong Financial Holdings Company Limited (the "**Company**") hereby announces the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2024 (the "**Reporting Period**") with comparative figures. All amounts set out in this announcement are expressed in Hong Kong dollars ("**HK$**") unless otherwise indicated.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months ended 30 September	
	Notes	**2024**	2023
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**41,304**	49,197
Other income		**145**	41
Cost of services		**(21,514)**	(24,790)
Other gains and losses		**(1,864)**	2,072
Staff costs		**(13,079)**	(13,448)
(Provision of)/reversal of impairment losses and expected credit losses		**(42)**	14
Other operating expenses		**(7,241)**	(8,362)
Finance costs	*4*	**(1,145)**	(3,421)
(Loss)/profit before tax		**(3,436)**	1,303
Income tax expense	*5*	**(2)**	(10)
(Loss)/profit for the period	*6*	**(3,438)**	1,293
Other comprehensive income/(expense)			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		**1,414**	(418)
Total comprehensive (expense)/income for the period		**(2,024)**	875
(Loss)/profit for the period attributable to:			
Owners of the Company		**(4,258)**	(1,232)
Non-controlling interests		**820**	2,525
		(3,438)	1,293
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(2,888)**	(1,246)
Non-controlling interests		**864**	2,121
		(2,024)	875
Loss per share			
Basic and diluted *(HK cents)*	*8*	**(0.72)**	(0.29)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Notes	30 September 2024 HK$'000 (Unaudited)	31 March 2024 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*9*	**64,300**	60,790
Deposits		**647**	202
Goodwill		**9,134**	9,000
		74,081	69,992
Current assets			
Trade receivables	*10*	**7,304**	6,546
Prepayments and other receivables		**722**	1,182
Cash and cash equivalents		**7,347**	6,972
		15,373	14,700
Current liabilities			
Trade payables	*11*	**406**	369
Deposits from customers		**6,286**	7,934
Other payables and accrued charges		**6,641**	6,553
Contract liabilities		**4,981**	5,319
Lease liabilities		**2,422**	1,603
Tax liabilities		**749**	830
Bank borrowings	*12*	**1,251**	1,285
Amount due to a related company		**33,412**	32,817
Amount due to a shareholder		**539**	381
Derivative financial liabilities		**3,748**	3,378
Convertible bonds		**2,352**	2,160
		62,787	62,629
Net current liabilities		**(47,414)**	(47,929)
Total assets less current liabilities		**26,667**	22,063

	Notes	30 September 2024 HK$'000 (Unaudited)	31 March 2024 HK$'000 (Audited)
Non-current liabilities			
Lease liabilities		**3,594**	1,020
Bank borrowings	*12*	**162**	765
Amount due to a shareholder		**3,573**	–
Contingent consideration payables		**3,297**	2,540
		10,626	4,325
Net assets		**16,041**	17,738
Capital and reserves			
Share capital		**5,903**	5,903
Reserves		**9,993**	12,554
		15,896	18,457
Non-controlling interests		**145**	(719)
Total equity		**16,041**	17,738

NOTES

For the six months ended 30 September 2024

1. BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION

The interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Going concern basis

As at 30 September 2024, the Group had net current liabilities of approximately HK$47,414,000, whereas its cash and cash equivalents maintained was approximately HK$7,347,000 only as at the same date. Besides, the Group also had bank borrowings of approximately HK$1,251,000, amount due to a related company of approximately HK$33,412,000 and amount due to a shareholder of approximately HK$539,000, respectively, that were repayable within 12 months after the end of the reporting period.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity, operating performance of the Group and its available sources of financing, and also have prepared a cash flow forecast covering a period of twelve months from the end of the reporting period. The directors of the Company are of the opinion that the cash flow generated from operating activities and certain appropriate financing activities of the Group will be able to continue meeting the funding needs of operations and repay the outstanding interest bearing borrowings. In order to improve the Group's financial position and liquidity, the directors of the Company have been implementing various measures as follows:

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

On 15 March 2024, the Group and a non-controlling substantial shareholder of the Group, entered into a loan agreement (the "**Loan Agreement**") pursuant to which agreed to make available to the Group an unsecured term loan facility in an aggregate amount of HK$10,000,000 to grant loans or provide finance lease to customers, at 6% per annum and maturing on 18 months after the end of the availability period. The availability period commenced on the date of the Loan Agreement and will end on the date falling 3 years after the date of the Loan Agreement.

On 1 May 2024, the Company and Goldbond Group Holdings Limited ("**Goldbond**") entered into a loan agreement (the "**2024 Goldbond Loan Agreement**") pursuant to which Goldbond agreed to make available to the Company an unsecured term loan facility in an aggregate amount of HK$18,000,000 to fund the general working capital of the Company, at 6% per annum and maturing on the third anniversary of the first drawdown date. The availability period commenced on the date of the 2024 Goldbond Loan Agreement and will end on the earlier of three years after the date of the 2024 Goldbond Loan Agreement or the date on which the facility is fully drawn, cancelled or terminated.

The Group also renewed loan facility from a related company, with an aggregate facilities amount of RMB40,000,000, and its maturity will be on 2 July 2025.

On 10 October 2024, the Group entered into a supplementary agreement with a related company, with an aggregate facility amount of RMB20,000,000 and its maturity will be on 21 October 2025.

As at 30 September 2024, the total facility amount of HK$59,712,000 was stand-by and un-utilised.

As at date of issuance of the interim results announcement, the total facility amount of HK$59,212,000 was stand-by and un-utilised. In addition, the directors of the Company are also negotiating to obtain new facilities with other financing sources.

(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.

Based on the above plans, measures and a cash flow forecast covering a period of twelve months from the end of the reporting period, the directors of the Company are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least the next twelve months from the end of the reporting period 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. MATERIAL ACCOUNTING POLICY INFORMATION

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional/change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 March 2024.

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 2024.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2024 for the preparation of the Group's interim condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

(1) Providing leasing services including:

– direct leasing – sale and leaseback and direct finance leasing services in the PRC

– operating lease – providing operating lease of motor vehicles services in the PRC

(2) Debt collection and credit investigation services – providing debt collection services and credit investigation services in Hong Kong, the PRC and Singapore

(a) Segment revenue and results

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

For the six months ended 30 September 2024 (unaudited)

	Leasing services *HK$'000*	**Debt collection and credit investigation services** *HK$'000*	**Total** *HK$'000*
Segment revenue			
Revenue from external customers	**20,516**	**20,788**	**41,304**
Segment results excluding provision of expected credit losses recognised on trade receivables	**949**	**1,508**	**2,457**
(Provision of)/reversal of expected credit losses recognised on trade receivables	**(66)**	**167**	**101**
Segment results	**883**	**1,675**	**2,558**
Unallocated:			
Other gains and losses			**(1,852)**
Staff costs			**(1,877)**
Other operating expenses			**(2,023)**
Finance costs			**(242)**
Loss before tax			**(3,436)**

For the six months ended 30 September 2023 (unaudited)

	Leasing services *HK$'000*	Debt collection and credit investigation services *HK$'000*	Total *HK$'000*
Segment revenue			
Revenue from external customers	24,045	25,152	49,197
Segment results excluding provision of expected credit losses recognised on lease receivables and receivables arising from sale and leaseback arrangements and trade receivables	1,172	4,577	5,749
Reversal of/(provision of) expected credit losses recognised on lease receivables and receivables arising from sale and leaseback arrangements and trade receivables	397	(383)	14
Segment results	1,569	4,194	5,763
Unallocated:			
Other gains and losses			2,084
Staff costs			(1,728)
Other operating expenses			(2,446)
Finance costs			(2,370)
Profit before tax			1,303

(b) Segment assets and liabilities

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

	30 September 2024 *HK$'000* **(Unaudited)**	31 March 2024 *HK$'000* (Audited)
Segment assets		
Leasing services	**68,879**	67,830
Debt collection and credit investigation services	**20,414**	16,168
Total segment assets	**89,293**	83,998
Unallocated assets	**161**	694
Total assets	**89,454**	84,692
Segment liabilities		
Leasing services	**41,362**	41,824
Debt collection and credit investigation services	**17,138**	14,657
Total segment liabilities	**58,500**	56,481
Unallocated liabilities	**14,913**	10,473
Total liabilities	**73,413**	66,954

(c) **Revenue from major services**

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

	Six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Income from debt collection services	**10,321**	16,300
Income from credit investigation services	**10,467**	8,852
Income from sales of motor vehicles	**7,003**	9,877
Revenue from contracts with customers	**27,791**	35,029
Rental income	**13,513**	14,001
Interest income arising from sale and leaseback arrangements	**–**	167
	41,304	49,197
Revenue from contracts with customers		
At a point in time	**27,659**	34,916
Transferred over time	**132**	113
	27,791	35,029

4. FINANCE COSTS

	Six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on amount due to a related company	**791**	918
Interest on amount due to a shareholder	**50**	690
Interest on lease liabilities	**78**	75
Interest on bank borrowings of Alpha & Leader Risks and Assets Management Company Limited and its subsidiaries (collectively referred to as the "**Alpha & Leader Group**")	**33**	53
Interest on amount due to the non-controlling substantial shareholder of the Alpha & Leader Group	**1**	5
Imputed interest on loan note	**–**	1,347
Imputed interest on convertible bonds	**192**	333
	1,145	3,421

5. INCOME TAX EXPENSE

	Six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Enterprise Income Tax in the PRC		
Current tax	**2**	10
Income tax expense	**2**	10

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 the six months ended 30 September 2024 and 2023.

Pursuant to the approval of the tax bureau, in accordance with the Enterprise Income Tax Law of PRC (the "**EIT Law**") and the Implementation Regulation of the EIT Law, one (six months ended 30 September 2023: one) subsidiary is subject to the tax rate of 20% on 25% (six months ended 30 September 2023: 20% on 25%) of assessable profits, which assessable profits under RMB3,000,000 (six months ended 30 September 2023: RMB3,000,000), for Small Low-Profit Enterprises. Other subsidiaries located in the PRC are subject to the PRC Enterprise Income Tax at a rate of 25% (six months ended 30 September 2023: 25%) on their assessable profits.

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 2024 and 2023.

6. (LOSS)/PROFIT FOR THE PERIOD

(Loss)/profit for the period has been arrived at after charging:

	Six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Directors' remuneration	**1,072**	1,146
Other staff costs		
– Salaries, allowances and other staff benefits	**11,375**	11,750
– Staff's retirement benefit scheme contributions	**432**	537
– Staff's equity-settled share-based payments	**200**	15
Total staff costs	**13,079**	13,448
Depreciation of motor vehicles for rent (included in cost of services)	**5,308**	4,578
Depreciation of other property, plant and equipment (included in other operating expenses)	**1,362**	1,392
Depreciation of property, plant and equipment	**6,670**	5,970
Loss on disposal of property, plant and equipment	**4,191**	4,404
Short-term lease expenses	**744**	718

7. DIVIDENDS

No dividends were paid, declared or proposed for ordinary shareholders of the Company during the six months ended 30 September 2024, nor has any dividend been proposed since the end of the reporting period (six months ended 30 September 2023: nil).

8. LOSS PER SHARE

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
Loss:		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share *(HK$'000)*	**(4,258)**	(1,232)
Number of shares:		
Weighted average number of ordinary shares in issue for the purpose of basic and diluted loss per share *(in thousands)*	**590,303**	420,759

The basic and diluted loss per share is calculated based on the loss attributable to owners of the Company and the weighted average number of ordinary shares in issue for the six months ended 30 September 2024 and 2023.

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of shares for the six months ended 30 September 2024 and 2023.

The computation of diluted loss per share for the six months ended 30 September 2024 and 2023 does not assume the conversion of the Company's outstanding convertible bonds since the assumed conversion would result in a decrease in loss per share.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group acquired property, plant and equipment with a cost of approximately HK$15,494,000 (six months ended 30 September 2023: HK$11,674,000) and disposed of property, plant and equipment with an aggregate carrying amount of approximately HK$11,194,000 (six months ended 30 September 2023: HK$14,281,000).

During the six months ended 30 September 2024, additions to right-of-use assets were approximately HK$4,879,000 (six months ended 30 September 2023: HK$1,021,000).

10. TRADE RECEIVABLES

	30 September 2024 HK$'000 (Unaudited)	31 March 2024 HK$'000 (Audited)
Trade receivables arising from debt collection and credit investigation services	**7,107**	6,448
Less: allowance for credit losses	**(409)**	(572)
Net trade receivables arising from debt collection and credit investigation services	**6,698**	5,876
Trade receivables arising from leasing services	**1,017**	1,006
Less: allowance for credit losses	**(411)**	(336)
Net trade receivables arising from leasing services	**606**	670
Total trade receivables, net of allowance for expected credit losses	**7,304**	6,546

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

	30 September 2024 HK$'000 (Unaudited)	31 March 2024 HK$'000 (Audited)
0 to 30 days	**4,816**	3,572
31 to 60 days	**1,209**	395
61 to 90 days	**762**	2,028
Over 90 days	**517**	551
	7,304	6,546

The credit terms of the trade receivables for debt collection and credit investigation services are ranged from 0 to 60 days from the date of billing.

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

For leasing services, the customers are obliged to settle the amounts according to the terms set out in relevant contracts and, normally, no credit period was granted to customers.

As at 30 September 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$1,782,000 (31 March 2024: HK$3,176,000) which are past due as at the reporting date. Out of the past due balances, HK$517,000 (31 March 2024: HK$551,000) has been past due 90 days or more and is not considered as in default.

Movement of the provision for impairment losses on trade receivables is as follows:

	HK$'000
At 1 April 2024 (audited)	908
Reversal of impairment losses recognised	**(101)**
Exchange realignment	**13**
At 30 September 2024 (unaudited)	**820**

11. TRADE PAYABLES

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

	30 September 2024 ***HK$'000*** **(Unaudited)**	31 March 2024 *HK$'000* (Audited)
0 to 30 days	**222**	107
31 to 60 days	**35**	24
61 to 90 days	**56**	108
Over 90 days	**93**	130
	406	369

12. BANK BORROWINGS

	30 September 2024 HK$'000 (Unaudited)	31 March 2024 HK$'000 (Audited)
Unsecured variable-rate borrowings	**1,413**	2,050
The carrying amounts of the above borrowings are repayable*:		
Within one year	**1,251**	1,285
Within a period of more than one year but not exceeding two years	**162**	765
	1,413	2,050
Less: amounts shown under current liabilities	**(1,251)**	(1,285)
Amounts shown under non-current liabilities	**162**	765

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

As at 30 September 2024, the Group's bank borrowings only represented the borrowings from the Alpha & Leader Group with carrying amount of approximately HK$1,413,000 (31 March 2024: HK$2,050,000) which were guaranteed by the non-controlling substantial shareholders of Alpha & Leader Group.

As at 30 September 2024, the Group's variable-rate borrowings carry interest at the rate of 3.63% (31 March 2024: 3.63%) per annum.

The Group's bank borrowings are denominated in HK$ which are the functional currency of the relevant group entity.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the Reporting Period, the Group continued the implementation of its business strategies to (i) enhance synergies across multiple platforms within our ecosystem in order to further develop the Group's leasing business; (ii) diversify the Group's business risks through the granting of loans in smaller loan size with more liquid lease assets; and (iii) diversify geographical risk through the expansion of its operating locations; which in turn will provide sustainable sources of revenue to the Group while diversifying the Group's business risks, enhancing its financial performance and creating value for the shareholders of the Company (the "**Shareholders**") .

The Group is principally engaged in the provision of (1) leasing services in the People's Republic of China (the "**PRC**") and (2) value-added services including due diligence, credit assessment, investigation and debt collection services in Hong Kong, the PRC and Singapore.

Leasing services

The Group conducts its leasing services in various cities across the PRC covering cities of Huzhou, Jiaxing, Ningbo, Shaoxing, Shenzhen, Taizhou, Wenzhou, Jinhua and Hangzhou. The Group as the lessor generates lease income by delivery of leased assets to its lessees who make periodic lease payments to the Group.

Credit investigation and debt collection services

To further strengthen the Group's leasing operations, we have complemented our leasing operations with value-added services including due diligence, credit assessment, investigation and debt recovery services. Often, business and credit risks are caused by asymmetry and discrepancies of information, hence, credit investigation and debt recovery would serve as the front end and back end in any business transactions. Leveraging on the Group's expertise in credit assessment and investigation, the Group has access to the latest information such as credit status, financial information and social credit ratings of potential leasing customers. Due diligence and credit investigation services are performed through established networks, databases and credit assessment system using big data analytics which in-turn generate and provide credit reports, scoring results and recommendations to clients as well as the Group prior to entering into any potential business transactions. These information are used to assist the process of customer selection, as well as the selection of transaction models and determining transaction conditions.

Debt collection services are provided for past due commercial accounts receivables ranging from 3 to 12 months, this is a non-litigation service that enables creditors to recover past due accounts receivables through mediation and dispute resolution, rather than going through the lengthy process of litigation resulting in further commitments on legal costs and risk of additional non-recoverable debts. Credit assessment, investigation and debt collection services are both part of an integral value-added service enabling the Group to further develop our leasing business.

FINANCIAL REVIEW

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

Revenue

During the Reporting Period, the Group recorded revenue of approximately HK$41.3 million, representing a decrease of approximately 16.0% from approximately HK$49.2 million recorded in the previous corresponding period ended 30 September 2023. The decrease in revenue was mainly due to the decrease in the Group's income from debt collection services which in turn was due to the slowdown in the domestic economy in the People's Republic of China which in turn was reflected in the deteriorated repayment abilities of debtors, reduced repayment amounts and lengthened repayment cycles which lowered debt collection services income from successful recovered cases. To complement the development of the Group's leasing service, the Group provides value-added services including due diligence, credit assessment, investigation and debt recovery services, so as to further strengthen the Group's leasing operations by creating an ecosystem which in turn contributed approximately HK$20.8 million to the Group's revenue during the Reporting Period. Services fees for due diligence and credit investigation services are charged based on the agreed upon scope covering the number of search targets, search period and the complexity of obtaining the relevant search information. Debt collection services are provided to clients with past due commercial accounts receivables. Substantially all revenue derived from the provision of debt collection services are recognized upon successful recovery of past due receivables.

Staff costs

Staff costs of the Group amounted to approximately HK$13.1 million for the Reporting Period, representing a decrease of approximately 2.7% from approximately HK$13.4 million recorded in the previous corresponding period ended 30 September 2023. This was mainly due to decrease in the number of staff in the Group.

Other operating expenses

During the Reporting Period, other operating expenses of the Group amounted to approximately HK$7.2 million, representing a decrease of approximately 13.4% from approximately HK$8.4 million recorded in the previous corresponding period ended 30 September 2023. This was mainly due to the decrease in other operating expenses resulting from implementation of active cost-saving measures.

Reversal of/(provision of) impairment losses and expected credit losses

Provision of impairment losses and expected credit losses are approximately HK$42,000 for the Reporting Period. This was mainly due to increase in impairment losses recognised on property, plant and equipment. In the previous corresponding period ended 30 September 2023, reversal of impairment losses and expected credit losses amounted to approximately HK$14,000.

Other income

Other income of the Group mainly comprised of bank interest income and government subsidies. During the Reporting Period, the other income of the Group amounted to approximately HK$145,000, representing an increase of approximately 253.7% from approximately HK$41,000 recorded in the previous corresponding period ended 30 September 2023. Such increase was mainly due to the increase in government subsidies in current period.

Finance costs

Finance costs of the Group comprised of interest on bank borrowings, interest on amount due to the non-controlling substantial shareholder of the Alpha & Leader Group, imputed interest on convertible bonds, imputed interest on loan note, interest on lease liabilities, interest on amount due to a related company and interest on amount due to a shareholder. During the Reporting Period, finance costs of the Group amounted to approximately HK$1.1 million, representing a decrease of approximately 66.5% from approximately HK$3.4 million in the previous corresponding period ended 30 September 2023. This was mainly due to the decrease in the Group's borrowings and financing activities.

As at 30 September 2024, the outstanding bank borrowings guaranteed by related parties amounted to nil (30 September 2023: nil) and the guarantee fee paid to the related parties during the Reporting Period amounted to nil (six months ended 30 September 2023: nil).

Loss for the period

Loss for the period of the Company amounted to approximately HK$3.4 million for the Reporting Period. This was mainly due to the decrease in revenue in the Reporting Period. In the previous corresponding period ended 30 September 2023, profit for the period amounted to approximately HK$1.3 million.

Interim dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: nil).

Liquidity, financial resources and capital resources

As at 30 September 2024, the aggregate sum of the Group's cash and cash equivalents amounted to approximately HK$7.3 million (31 March 2024: approximately HK$7.0 million), representing an increase of approximately HK$0.3 million compared to 31 March 2024. This was due to a combination of multiple effects including the Group's conservative strategy to promote business, collection of past due financial assets and use of internal funding. The working capital deficiency (current assets less current liabilities) of the Group was approximately HK$47.4 million as at 30 September 2024 (31 March 2024: working capital deficiency approximately HK$47.9 million). The total equity of the Group was approximately HK$16.0 million as at 30 September 2024 (31 March 2024: approximately HK$17.7 million).

As at 30 September 2024, the Group's bank borrowings with maturity within one year amounted to approximately HK$1.3 million (31 March 2024: approximately HK$1.3 million) and the Group's bank borrowings with maturity that exceeded one year amounted to approximately HK$0.2 million (31 March 2024: approximately HK$0.8 million). For particulars of bank borrowings of the Group as at 30 September 2024, please refer to note 12 to the interim condensed consolidated financial statements.

Our gearing ratio (total debt/total equity) as at 30 September 2024 was approximately 257% (31 March 2024: approximately 211%).

Charges on group assets

As at 30 September 2024, the Group did not have any mortgages, charges and pledges over the Group's assets (31 March 2024: nil).

Capital commitments

As at 30 September 2024, the Group had no capital commitments (31 March 2024: nil).

Employees and remuneration policy

As at 30 September 2024, the Group had 127 staff located in Hong Kong, the PRC and Singapore, and their remuneration is determined based on the employees' performance, experience and prevailing industry practices. The Group also offers other benefits such as medical insurance, retirement schemes and training subsidies to 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 fortified contributions utilized to offset employers' contributions for the Reporting Period.

RISK FACTORS AND MANAGEMENT

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

Our business is positioned to fulfill the financing needs of SMEs and individuals, the sustainability of our business and future growth depend on our ability to manage our credit risk effectively. The Group is committed to mitigate its risk exposures and diversification of business risks through liquid and smaller loan size. As such, any deterioration in our asset quality or collectability of our receivables could adversely affect our business, prospects and financial conditions. Due to the continuation of slowing economic pressure arose from external environment uncertainties and business disruption due to the effects of the novel coronavirus, the recovery of economic environment being less than ideal, it is inevitable for some corporations to be faced with a greater risk of default, especially the SMEs. As most SMEs customers in general have less financial resources in terms of capital or fund raising capability when compared to larger corporations, and as such they are more likely to be adversely affected by changes in market conditions, which poses an increasing risk of default to our Group. Our management has been monitoring the changes of our customers' credit risk, and we had, in fact, in some cases requested additional collaterals and pledged assets from customers as a form of additional precautionary measures. We will continue to closely monitor the value of the related leased assets and the collaterals securing our leases in order to take effective additional precautionary measures to minimize our risk of exposure to such credit risks.

Risk relating to funding sources and interest rate

Our 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, 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 2024, the Group did not have any material contingent liabilities (31 March 2024: nil) except for the contingent consideration payables as set out in the condensed consolidated statement of financial position.

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 announcement, the Group did not have other material acquisition or disposals by the Group during the Reporting Period and up to the date of this announcement.

RESIGNATION OF DIRECTOR

With effect from 30 September 2024, Mr. Ng Wing Chung Vincent ("**Mr. Vincent Ng**"), the former independent non-executive Director (the "**Independent Non-executive Director**"), a member of the Audit Committee and the Risk Management Committee; and the chairman of the Remuneration Committee and the Nomination Committee of the Company, submitted a written resignation to resign as an independent non-executive Director of the Company and has ceased to be a member of the Audit Committee and the Risk Management Committee; and the chairman of the Remuneration Committee and the Nomination Committee of the Company due to his decision to devote more time to his other business commitments.

For details, please refer to the Company's announcement dated 30 September 2024.

EVENTS AFTER THE PERIOD UNDER REVIEW

The Group had no material subsequent events after the period under review.

ADDITIONAL INFORMATION

In respect of "Going concern basis"

As explained in note 1 to the interim condensed consolidated financial statements for the six months ended 30 September 2024, the Company has given careful consideration to the Group's current liquidity, performance and available resources in considering the Group's ability to continue as a going concern. The Company has taken and will continue to implement the measures as further detailed in note 1 to the interim condensed consolidated financial statements. Based on the plans, measures and a cash flow forecast covering a period of twelve months from the end of the reporting period, the directors of the Company are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least the next twelve months from the end of the reporting period 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.

In order to improve the Group's financial position and liquidity, the directors of the Company have been implementing various measures as follows:

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

On 15 March 2024, the Group and a non-controlling substantial shareholder of the Group, entered into a loan agreement (the "**Loan Agreement**") pursuant to which agreed to make available to the Group an unsecured term loan facility in an aggregate amount of HK$10,000,000 to grant loans or provide finance lease to customers, at 6% per annum and maturing on 18 months after the end of the availability period. The availability period commenced on the date of the Loan Agreement and will end on the date falling 3 years after the date of the Loan Agreement.

On 1 May 2024, the Company and Goldbond Group Holdings Limited ("**Goldbond**") entered into a loan agreement (the "**2024 Goldbond Loan Agreement**") pursuant to which Goldbond agreed to make available to the Company an unsecured term loan facility in an aggregate amount of HK$18,000,000 to fund the general working capital of the Company, at 6% per annum and maturing on the third anniversary of the first drawdown date. The availability period commenced on the date of the 2024 Goldbond Loan Agreement and will end on the earlier of three years after the date of the 2024 Goldbond Loan Agreement or the date on which the facility is fully drawn, cancelled or terminated.

The Group also renewed loan facility from a related company, with an aggregate facilities amount of RMB40,000,000, and its maturity will be on 2 July 2025.

On 10 October 2024, the Group entered into a supplementary agreement with a related company, with an aggregate facility amount of RMB20,000,000 and its maturity will be on 21 October 2025.

As at 30 September 2024, the total facility amount of HK$59,712,000 was stand-by and un-utilised.

As at date of issuance of the interim results announcement, the total facility amount of HK$59,212,000 was stand-by and un-utilised. In addition, the directors of the Company are also negotiating to obtain new facilities with other financing sources.

(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.

BUSINESS REVIEW AND PROSPECTS

During the Reporting Period, the Group continued to make strides in implementing its strategic plan initiated in the previous year and have continued to expand our leasing operations in the PRC and established a stronger presence in multiple locations. This expansion has allowed us to diversify our business risks and tap into new markets, further strengthening our position in the industry. In addition to our leasing operations, the Group has continued to enhance its ecosystem by providing value-added services such as due-diligence, credit assessment, investigation, and debt recovery services. These services not only complement our leasing operations but also generate additional revenue streams, they also contribute to the Group's overall growth and operational synergies. While achieving synergies across multiple platforms, the Group will continue to focus on our business with generally smaller loan amounts and more diversified business risks during the current economic downturn, and thereby enhancing the Group's efficiency and profitability.

The company is currently facing challenges due to global economic uncertainties and geopolitical tensions, which inturn affecting the PRC. These factors have negatively impacted the financial conditions and cash flow of our leasing customers, as well as our debt collection service, resulting in difficulties with debt repayment and lengthened the debt recovery timeline. Despite these obstacles, we are dedicated to overcoming these issues through collaborative efforts, aiming for steady growth and diversification of our income sources. The Board recognizes the importance of exploring synergies within our ecosystem to strengthen our operations. Looking forward, we remain optimistic about our ability to achieve sustainable growth and create value for our Shareholders as the economic and geopolitical landscape improves.

CORPORATE GOVERNANCE

The Group is committed to promote good corporate governance and has set up procedures on corporate governance that comply with the principles in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**"). During the Reporting Period, except as disclosed in this announcement, the Company had complied with all code provisions in the CG Code and had adopted most of the recommended best practices set out in the CG Code except for the following:

As at the date of this announcement, the Company does not have a chairman to discharge the duties as required under CG Code C2.2 to C2.9. The daily operation and management of the Company are monitored by the executive Director as well as the senior management of the Company. The Board is of the view that although there is no chairman, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting the operation of the Company and the Group. This arrangement can still enable the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment. The Company will, at the appropriate time, arrange for the election of a chairman.

Following the resignation of Mr. Vincent Ng as an Independent Non-executive Director with effect from 30 September 2024, the Board has only two Independent Non-executive Directors which fell short of the minimum number (namely three Independent Non-executive Directors) and proportion (namely one-third of the Board) as required under Rule 3.10(1) and Rule 3.10A of the Listing Rules.

The required composition of the Audit Committee, Remuneration Committee and Nomination Committee did not meet the requirements under Rule 3.21, Rule 3.25 and Rule 3.27A of the Listing Rules upon conclusion of the annual general meeting held on 28 August 2024:

i. the Audit Committee comprised of two non-executive Directors and two Independent Non-executive Directors, which failed to comply with the requirement of Rule 3.21 of the Listing Rules in respect of having a majority members being Independent Non-executive Directors;

ii. the Remuneration Committee did not have a chairman and comprised of two non-executive Directors and two Independent Non-executive Directors, which failed to comply with the requirement of Rule 3.25 of the Listing Rules in respect of having a majority members being Independent Non-executive Directors; and

iii. the Nomination Committee did not have a chairman and comprised of two non-executive Directors and two Independent Non-executive Directors, which failed to comply with the requirement of Rule 3.27A of the Listing Rules in respect of having a majority members being Independent Non-executive Directors.

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.

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. During the Reporting Period, the Audit Committee consisted of two Non-executive Directors: Mr. Lau Hiu Fung and Mr. Wong Ming Bun David; and three Independent Non-executive Directors: Mr. Lie Chi Wing ("**Mr. Lie**"), Mr. Vincent Ng and Mr. Ng Yuk Yeung Paul. The chairman of the Audit Committee is Mr. Lie. Mr. Vincent Ng has ceased to be a member of the Audit Committee with effect from 30 September 2024.

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 September 2024 have been reviewed by the Audit Committee before they are duly approved by the Board under the recommendation of the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company has made specific enquiries with all of the Directors, each of whom has confirmed that he/she has, throughout the Reporting Period, complied with the required standards set out therein.

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.

PUBLICATION OF INFORMATION

This announcement is published on the websites of the Company (www.chinarzfh.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The unaudited interim report of the Company for the Reporting Period will be dispatched to the Shareholders and available on the above websites in due course.

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

Hong Kong, 27 November 2024

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