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## GOLDBOND GROUP HOLDINGS LIMITED

金榜集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 00172)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

The board of directors (the “Board”) of Goldbond Group Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2015 (the “Period”) together with comparative figures. The results have been reviewed by the Company’s auditor, Deloitte Touche Tohmatsu, and by the Company’s audit committee.

<b>FINANCIAL HIGHLIGHTS</b>	<b>1 April 2015 to 30 September 2015</b>	<b>1 April 2014 to 30 September 2014</b>	<b>Changes</b>
	<b>HK\$'000 (Unaudited)</b>	<b>HK\$'000 (Unaudited)</b>	
<b>OPERATING RESULTS</b>			
Revenue	<b>30,327</b>	35,433	(14)%
Profit for the period	<b>64,462</b>	84,964	(24)%
Profit for the period attributable to owners of the Company	<b>64,462</b>	84,964	(24)%
Total comprehensive income for the period attributable to owners of the Company	<b>2,109</b>	84,964	(98)%
Basic earnings per share	<b>HK2.34 cents</b>	HK3.10 cents	(24)%
<b>FINANCIAL POSITION</b>			
	<b>30 September 2015</b>	<b>31 March 2015</b>	
	<b>HK\$'000 (Unaudited)</b>	<b>HK\$'000 (Audited)</b>	
Equity attributable to owners of the Company	<b>2,302,690</b>	2,333,310	(1)%

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

		1 April 2015 to 30 September 2015	1 April 2014 to 30 September 2014
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
Revenue	3	30,327	35,433
Other income		6,473	8,067
Staff costs		(9,863)	(10,561)
Other operating expenses		(5,774)	(7,169)
Change in fair values of financial liabilities		(22,107)	(11,542)
Direct finance costs		(1,136)	(151)
Other finance costs		(303)	(264)
Share of profit of joint ventures		69,488	73,813
Share of losses of associates		(260)	–
Profit before taxation	4	66,845	87,626
Taxation	5	(2,383)	(2,662)
Profit for the period		<u>64,462</u>	<u>84,964</u>
<b>Other comprehensive expenses:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Exchange differences arising on translation		(22,040)	–
Share of other comprehensive expenses of joint ventures		(40,313)	–
Other comprehensive expenses for the period		<u>(62,353)</u>	<u>–</u>
Total comprehensive income for the period		<u><u>2,109</u></u>	<u><u>84,964</u></u>
Profit for the period attributable to:			
Owners of the Company		<u><u>64,462</u></u>	<u><u>84,964</u></u>
Total comprehensive income for the period attributable to:			
Owners of the Company		<u><u>2,109</u></u>	<u><u>84,964</u></u>
Earnings per share	7		
– Basic		<u><u>HK2.34 cents</u></u>	HK3.10 cents
– Diluted		<u><u>HK2.31 cents</u></u>	HK3.08 cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

		<b>30 September 2015</b>	31 March 2015
	<i>Note</i>	<b>HK\$'000</b> <b>(Unaudited)</b>	<b>HK\$'000</b> <b>(Audited)</b>
<b>Non-current assets</b>			
Equipment		3,719	4,520
Interests in joint ventures		1,635,191	1,606,016
Interests in associates		1,272	–
Club debentures		17,957	18,639
Deferred tax asset		7,625	7,780
		<b>1,665,764</b>	<b>1,636,955</b>
<b>Current assets</b>			
Loan to a joint venture		483,919	510,600
Advances provided to customers	8	220,689	269,887
Prepayments, deposits and other receivables		1,996	3,741
Short term bank deposits			
– with original maturity within three months		332,158	72,151
– with original maturity more than three months		–	240,415
Bank balances and cash		7,158	8,342
		<b>1,045,920</b>	<b>1,105,136</b>
<b>Current liabilities</b>			
Other payables and accrued charges		21,390	22,496
Taxation		2,969	2,758
Bank borrowing		10,976	32,278
Liabilities under shareholders' agreements		369,159	347,052
		<b>404,494</b>	<b>404,584</b>
Net current assets		<b>641,426</b>	<b>700,552</b>
Total assets less current liabilities		<b>2,307,190</b>	<b>2,337,507</b>

	<b>30 September 2015</b>	31 March 2015
	<i>HK\$'000</i> <b>(Unaudited)</b>	<i>HK\$'000</i> <b>(Audited)</b>
<b>Capital and reserves</b>		
Share capital	<b>829,209</b>	822,433
Reserves	<b>1,473,481</b>	1,510,877
Total equity	<b>2,302,690</b>	2,333,310
<b>Non-current liability</b>		
Redeemable convertible preference shares	<b>4,500</b>	4,197
	<b>2,307,190</b>	2,337,507

Notes:

## 1. BASIS OF PREPARATION

The 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 (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). In preparing the condensed consolidated financial statements, the Group has not taken into account the amendments to Appendix 16 to the Listing Rules issued by the Stock Exchange in early 2015 that are effective for accounting period ending on or after 31 December 2015.

The financial information relating to the financial year ended 31 March 2015 that is included in the condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

## 2. PRINCIPAL ACCOUNTING POLICIES

The 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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2015 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

- Amendments to HKFRSs Annual improvements to HKFRSs 2010-2012 cycle
- Amendments to HKFRSs Annual improvements to HKFRSs 2011-2013 cycle
- Amendments to HKAS 19 Defined benefit plans: Employee contributions

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

## 3. SEGMENT INFORMATION

The Group’s operating segments, identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess performance, are summarised as follows:

- (a) financing service segment: provision of financing services through subsidiaries and provision of financing services and loan guarantee services through a joint venture;
- (b) factoring service segment: provision of factoring services; and
- (c) financial leasing service segment: provision of financial leasing services through a joint venture.

The segment information is reported below.

## Segment revenue and results

An analysis of the Group's revenue and results by reportable and operating segments is as follows:

### Six months ended 30 September 2015

	<b>Financing service HK\$'000</b>	<b>Factoring service HK\$'000 (Note)</b>	<b>Financial leasing service HK\$'000</b>	<b>Total HK\$'000</b>
Revenue from customers	19,236	11,091	–	30,327
Share of profit of joint ventures	54,433	–	15,055	69,488
	<u>73,669</u>	<u>11,091</u>	<u>15,055</u>	<u>99,815</u>
Segment results	<u>72,023</u>	<u>8,482</u>	<u>15,055</u>	95,560
Unallocated other income				5,315
Change in fair values of financial liabilities				(22,107)
Central administration costs				(12,387)
Net exchange gain				1,027
Other finance costs				(303)
Share of losses of associates				(260)
Profit before taxation				<u>66,845</u>

### Six months ended 30 September 2014

	<b>Financing service HK\$'000</b>	<b>Factoring service HK\$'000 (Note)</b>	<b>Financial leasing service HK\$'000</b>	<b>Total HK\$'000</b>
Revenue from customers	29,354	6,079	–	35,433
Share of profit of joint ventures	56,954	–	16,859	73,813
	<u>86,308</u>	<u>6,079</u>	<u>16,859</u>	<u>109,246</u>
Segment results	<u>82,270</u>	<u>5,781</u>	<u>16,859</u>	104,910
Unallocated other income				7,473
Change in fair values of financial liabilities				(11,542)
Central administration costs				(12,951)
Other finance costs				(264)
Profit before taxation				<u>87,626</u>

Segment results represent the profit earned by each segment and share of profit of joint ventures without allocation of central administration costs, other income (primarily bank interest income), change in fair values of financial liabilities, net exchange gain, other finance costs and share of losses of associates. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

*Note:* Included in segment results are direct finance costs of HK\$1,136,000 (HK\$151,000 for the six months ended 30 September 2014) attributable to the factoring service business.

### Segment assets and liabilities

An analysis of the Group's assets and liabilities by reportable segments is as follows:

#### As at 30 September 2015

	<b>Financing service HK\$'000</b>	<b>Factoring service HK\$'000</b>	<b>Financial leasing service HK\$'000</b>	<b>Total HK\$'000</b>
Assets				
Segment assets	<u>1,869,769</u>	<u>146,926</u>	<u>324,952</u>	2,341,647
Interests in associates				1,272
Unallocated assets				<u>368,765</u>
Total assets				<u>2,711,684</u>
Liabilities				
Segment liabilities	<u>193</u>	<u>11,279</u>	<u>–</u>	11,472
Unallocated liabilities				<u>397,522</u>
Total liabilities				<u>408,994</u>

#### As at 31 March 2015

	Financing service HK\$'000	Factoring service HK\$'000	Financial leasing service HK\$'000	Total HK\$'000
Assets				
Segment assets	<u>1,915,065</u>	<u>151,970</u>	<u>321,064</u>	2,388,099
Unallocated assets				<u>353,992</u>
Total assets				<u>2,742,091</u>
Liabilities				
Segment liabilities	<u>153</u>	<u>32,502</u>	<u>–</u>	32,655
Unallocated liabilities				<u>376,126</u>
Total liabilities				<u>408,781</u>

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments other than the interests in associates, club debentures, deferred tax asset, short term bank deposits, bank balances and cash, and certain corporate assets for central administrative uses. All liabilities are allocated to reportable segments other than taxation payable, liabilities under shareholders' agreements, redeemable convertible preference shares and certain corporate liabilities incurred for central administrative purpose.

Revenue represents income generated from external customers in the People's Republic of China ("China") of HK\$12,648,000 (HK\$12,659,000 for the six months ended 30 September 2014) and loan interest income generated from a joint venture in China of HK\$17,679,000 (HK\$22,774,000 for the six months ended 30 September 2014).

#### 4. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging (crediting) the following items:

	<b>1 April 2015 to 30 September 2015</b>	1 April 2014 to 30 September 2014
	<i>HK\$'000</i> <b>(Unaudited)</b>	<i>HK\$'000</i> <b>(Unaudited)</b>
Impairment losses on advances provided to customers	<b>516</b>	1,899
Imputed interest on redeemable convertible preference shares	<b>303</b>	264
Interest on bank borrowings repayable within one year	<b>1,136</b>	151
Depreciation of equipment	<b>911</b>	608
Operating lease rentals in respect of properties	<b>1,818</b>	1,743
Interest income from bank deposits	<b>(5,315)</b>	(7,473)
Net exchange gain	<b>(1,027)</b>	–
Gain on disposal of equipment	<b>–</b>	(388)
	<b>—————</b>	<b>—————</b>

#### 5. TAXATION

	<b>1 April 2015 to 30 September 2015</b>	1 April 2014 to 30 September 2014
	<i>HK\$'000</i> <b>(Unaudited)</b>	<i>HK\$'000</i> <b>(Unaudited)</b>
The charge comprises:		
Current tax		
Enterprise Income Tax in China		
– Provision for the current period	<b>2,506</b>	3,136
– Underprovision in prior year	<b>6</b>	–
	<b>—————</b>	<b>—————</b>
	<b>2,512</b>	3,136
Deferred taxation	<b>(129)</b>	(474)
	<b>—————</b>	<b>—————</b>
	<b>2,383</b>	2,662
	<b>—————</b>	<b>—————</b>

Taxation for subsidiaries in China is calculated at the appropriate current rate of taxation in China.

Deferred taxation has not been recognised in respect of the temporary differences attributable to the accumulated profits of the subsidiaries in China totalling HK\$12,051,000 (31 March 2015: HK\$7,004,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.



## 6. DIVIDENDS

<b>1 April 2015 to 30 September 2015</b>	1 April 2014 to 30 September 2014
<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)

Dividends recognised as distribution and paid during the period:

Final dividends of HK1.5 cents per share in respect of the year ended  
31 March 2015 (2014: In respect of the year ended  
31 March 2014 of HK1.5 cents per share)

<b>41,429</b>	41,175
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The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2015 (nil for the six months ended 30 September 2014).

## 7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

<b>1 April 2015 to 30 September 2015</b>	1 April 2014 to 30 September 2014
<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)

### Earnings:

Earnings for the purposes of basic and diluted earnings per share  
(profit for the period attributable to owners of the Company)

<b>64,462</b>	84,964
<i>'000</i>	<i>'000</i>

### Number of shares:

Weighted average number of ordinary shares for the purpose of  
basic earnings per share

<b>2,754,045</b>	2,745,013
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Effect of dilutive potential ordinary shares:

Share options

<b>33,815</b>	10,790
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Weighted average number of ordinary shares for the purpose of  
diluted earnings per share

<b>2,787,860</b>	2,755,803
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## 8. ADVANCES PROVIDED TO CUSTOMERS

<b>30 September 2015</b>	31 March 2015
<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)

Advances provided to customers

<b>251,184</b>	301,005
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Less: Impairment allowances

<b>(30,495)</b>	(31,118)
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<b>220,689</b>	269,887
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As at 30 September 2015, the advances provided to customers, which bore fixed coupon interest at a rate of not more than 16.8% per annum, were repayable according to the loan agreements and factoring facility agreements. The balances were secured by assets such as properties, bank's acceptance bills and equity interests in certain private entities in China where applicable.

## **INTERIM DIVIDEND**

The Board did not recommend the payment of any interim dividend in respect of the results for the Period (corresponding period in 2014: nil).

## **BUSINESS REVIEW**

The Group principally engages in the provision of non-bank financial services to small and medium-sized enterprises (“SMEs”) in China. The Group together with its joint ventures offer wide spectrum of services including financing, financial leasing and factoring services.

### **Financing**

#### **– *Small loan financing***

The Group engages in small loan financing business through Yancheng Goldbond Technology Small Loan Company Limited (“Yancheng Goldbond”). Yancheng Goldbond was the first wholly foreign owned small loan company founded in Yancheng, Jiangsu Province. Yancheng Goldbond is able to offer short-term loan financing services, loan guarantee services, direct investment and other services approved by the provincial government, to SMEs and individuals in Yancheng.

With years of experience working with SMEs in Yancheng, the Group has developed regional knowledge, experience and network in Yancheng. In view of slow-down of the economy in Yancheng, the Group timely adjusted its operating strategy. Over the past one year, the Group prudently promoted the small loan financing business among high quality customers to maintain stable return and ensure that the newly released loans were effectively safeguarded. As a result, the average interest rate of our loan portfolio and the revenue from the small loan financing business decreased. The income from small loan financing for the Period was HK\$1.6 million, and representing a decrease of 76% from previous period. The Group will continue to operate the small loan business of Yancheng Goldbond cautiously with a focus on maintaining asset quality during the period of economic adjustments.

#### **– *Loan to Rongzhong Group Limited (“Rongzhong Group”)***

The Group granted a revolving loan facility to Rongzhong Group for the development of its financing service business in China and details of the loan were disclosed in the circular of the Company dated 23 September 2011. As at 30 September 2015, the loan to Rongzhong Group with carrying value of HK\$483.9 million (31 March 2015: HK\$510.6 million) and bearing a fixed interest rate of 5% per annum, was unsecured. The interest income realised from the loans was HK\$17.7 million, decreased by HK\$5.1 million compared with that of the period ending 30 September 2014.

– ***Interests in joint ventures: Rongzhong Group***

Rongzhong Group and its subsidiaries (“Rongzhong Group Companies”) principally engaged in provision of non-bank financial services, comprising small loan financing, loan guarantee, bill financing and financial consulting services to SMEs and individuals in various cities in China. With business operation for more than one decade, Rongzhong Group Companies have developed business relationship with numerous SMEs and banks in China. By leveraging the established industry and management expertise, Rongzhong Group Companies is able to provide a customised and integrated range of financing solutions to its customers. The revenue and profit of Rongzhong Group Companies for the Period was HK\$408.2 million and HK\$139.5 million, respectively (corresponding period in 2014: HK\$375.2 million and HK\$145.8 million, respectively). The profit was arrived at after charging, inter alia, impairment allowances of HK\$68.3 million (corresponding period in 2014: HK\$96.8 million) and finance cost of HK\$79.3 million (corresponding period in 2014: HK\$50.0 million). The increase in finance cost was mainly due to the increase in average borrowings of Rongzhong Group Companies. In light of the downward pressure on China’s economy, the business and future growth of Rongzhong Group Companies depends largely on its ability to effectively manage the credit risk associated with its SME’s customers and maintain the quality of its receivables portfolio. If the quality of its receivables portfolio deteriorates, a higher level of impairment provision may be required, and the business, prospects, financial condition and results of operations may be adversely affected. The share of profit of Rongzhong Group Companies for the Period was HK\$54.4 million, representing a decrease of HK\$2.5 million or 4% from previous period.

**Financial leasing**

– ***Interests in joint ventures: Rongzhong Capital Holdings Limited (“Rongzhong Capital”)***

Rongzhong Capital and its subsidiaries (“Rongzhong Capital Group”), primarily engages in finance leasing business through Rongzhong International Financial Leasing Co., Ltd. (“Rongzhong Finance Lease”). Rongzhong Finance Lease is a leading finance leasing company in Hubei Province, providing finance lease services to key industries in Hubei Province, including laser processing, plastics, industrial processing, textile and garments and hotel and leisure.

The revenue and profit of Rongzhong Capital Group for the Period was HK\$114.0 million and HK\$31.4 million, respectively (corresponding period in 2014: HK\$109.2 million and HK\$35.2 million, respectively). Profit slightly decreased was mainly due to the non-recurring listing expenses incurred in connection with the Listing (as defined below). The share of profit of Rongzhong Capital Group for the Period was HK\$15.1 million (corresponding period in 2014: HK\$16.9 million).

On 30 June 2015, China Rongzhong Financial Holdings Company Limited (the holding company of Rongzhong Capital Group immediately after an reorganisation which would be completed prior to Listing (as defined below)) (“China Rongzhong”) submitted the listing application to the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the listing of, and permission to deal in, the shares of China Rongzhong on the Main Board of the Stock Exchange (the “Listing”). Details of the Listing have yet to be finalised and are subject to, amongst other things, the listing application being approved by the listing committee of the Stock Exchange, the prevailing market conditions and the final decisions of the board of directors of China Rongzhong.

## **Factoring**

We established our factoring headquarters in Nanjing, Jiangsu Province in 2014 with the approval from Ministry of Commerce of China. The operating vehicle, Jiangsu Goldbond Factoring Co., Ltd., with registered capital of RMB50 million, is authorised to offer factoring services including collection and management of account receivables and other related advisory services to SMEs across China.

During the Period, the factoring service segment achieved satisfactory growth, recorded total advances provided to customers of HK\$146.3 million as at 30 September 2015 (31 March 2015: HK\$151.9 million) and realised revenue of HK\$11.1 million (corresponding period in 2014: HK\$6.1 million), accounted for 37% (corresponding period in 2014: 17%) of the total revenue. The revenue source of the Group became more diversified and the Group has stronger capability to resist fluctuation in single product market.

## **Shareholders' agreements of joint ventures**

As a result of the introduction of a strategic investor, Silver Creation Investments Limited ("Silver Creation"), to Rongzhong Group ("Introduction"), Perfect Honour Limited ("Perfect Honour"), a wholly owned subsidiary of the Company, on 26 October 2011, entered into two shareholders' agreements pursuant to which certain financial instruments were recognised. As at 30 September 2015, the liabilities under shareholders' agreements was HK\$369.2 million (31 March 2015: HK\$347.1 million). One of which was estimated liabilities of the Group for non-completion of proposed IPO of Rongzhong Group and Rongzhong Capital.

Pursuant to the terms of the shareholders' agreements, unless otherwise agreed to in writing by all of the shareholders of Rongzhong Group or Rongzhong Capital, if Rongzhong Group or Rongzhong Capital has not completed the proposed IPO before 31 December 2015, Silver Creation may request Perfect Honour, Yong Hua International Limited, Legend Crown International Limited and Plenty Boom Investments Limited either: (i) to subscribe additional shares of Rongzhong Group (applicable to Rongzhong Group only); or (ii) at their sole and absolute discretion jointly elect to either purchase, on several basis, or procure Rongzhong Group and Rongzhong Capital to redeem all of the shares of Rongzhong Group and Rongzhong Capital (provided that the proposed IPO in relation to them has not taken place) purchased and/or subscribed by Silver Creation pursuant to the Introduction. Details were disclosed in the circular dated 23 September 2011.

As at the date of the announcement, the proposed IPO of Rongzhong Group and Rongzhong Capital have not been completed. We expected that the proposed IPO of Rongzhong Group and Rongzhong Capital would not be completed before 31 December 2015 based on the latest review of the status of or timetable in relation to potential listings. The status of proposed IPO of Rongzhong Capital is disclosed in the section headed "Financial leasing – Interests in joint ventures: Rongzhong Capital Holdings Limited" above. The estimated liabilities refer to the Group's estimated liabilities for fulfilling the aforesaid obligation(s) under the shareholders' agreements, which were based on managements' assumptions. However, the decision of Silver Creation on whether to exercise its right(s), and hence its choice among the two options (applicable to Rongzhong Group only) may trigger significant changes in the business operation and future development of Rongzhong Group and/or Rongzhong Capital by varying degrees and the value of our interests in these two companies. The Company will make further assessment(s) in relation thereto as and when appropriate.

## **FINANCIAL REVIEW**

### **Revenue**

The Group realised revenue for the Period of HK\$30.3 million, representing a decrease of 14% from HK\$35.4 million as recorded in the previous period. The income from the financing segment was HK\$19.2 million, accounted from 63% of the total revenue, and representing a decrease of 34% from previous period. This was mainly due to the Group prudently promoting lower margin loans among high quality customers for stable return and better safeguard of asset as the China economy slows down. During the Period, the Group proactively promoted factoring business and realised revenue of HK\$11.1 million for the Period, accounted for 37% of the total revenue, and representing an increase of 82% from previous period.

### **Staff costs**

Staff costs of the Group amounted to HK\$9.9 million, which decreased by HK\$0.7 million or 7% compared to previous period. Such decrease is mainly attributable to the decrease in the performance related bonus, which was partially offset by the increase in the share option expenses.

### **Other operating expenses**

Other operating expenses were HK\$5.8 million, which decreased by HK\$1.4 million or 19% compared to previous period. The decrease in other operating expenses was mainly due to the decrease in provision for bad debts of HK\$1.4 million.

### **Change in fair value of financial liabilities**

The negative financial impact of change in fair values of financial liabilities was HK\$22.1 million (corresponding period in 2014: HK\$11.5 million). Such amount was arising from the change in fair value of financial liabilities under the shareholders' agreements of joint ventures.

### **Direct finance costs**

Direct finance costs were HK\$1.1 million (corresponding period in 2014: HK\$0.1 million), which increased by HK\$1.0 million or 652% compared to previous period. Such increase is mainly due to the increase in interest expenses for bank loans raised as compared to previous period for the factoring business.

### **Share of profit of joint ventures**

Share of profit composed of share of profit of the Company's 47.94% owned joint venture-Rongzhong Capital and 40% owned joint venture-Rongzhong Group. Share of profit of joint ventures for the Period amounted to HK\$69.5 million, representing a decrease of 6% from HK\$73.8 million as recorded in the previous period.

### **Profit for the Period attributable to the owners of the company**

Based on the above discussion and analysis, profit for the Period attributable to the owners of the Company was HK\$64.5 million, which decreased by HK\$20.5 million or 24% from the previous period.

## Other comprehensive expenses for the Period

Other comprehensive expenses for the Period were HK\$62.4 million (2014: nil). The condensed consolidated financial statements of the Group and its joint ventures are presented in Hong Kong dollar while the functional currency is RMB. With unfavorable movement in the exchange rate of the RMB against the Hong Kong dollar during the Period, the Group recognised an exchange loss arising on translation of HK\$22.1 million and shared other comprehensive expenses of joint ventures of HK\$40.3 million.

## Liquidity, financial resources and capital structure

The Group always maintains healthy liquid position and sufficient capital for business development. The Group generally financed its operations through its internal resources and bank facilities provided by banks. As at 30 September 2015, the aggregate sum of cash, bank balances and short term bank deposits amounted to HK\$339.3 million (31 March 2015: HK\$320.9 million). The working capital (current assets less current liabilities) and the total equity of the Group were HK\$641.4 million (31 March 2015: HK\$700.6 million) and HK\$2,302.7 million (31 March 2015: HK\$2,333.3 million) respectively.

As at 30 September 2015, the Group's short-term bank borrowing was HK\$11.0 million (31 March 2015: HK\$32.3 million), which was mainly used to support the expansion of the factoring service business in China. It carried fixed interest rate of 4.6% (31 March 2015: 6%) per annum. The bank borrowing was denominated in Renminbi ("RMB") which was the functional currency of the relevant operating entity. The Group has not entered into any hedging instruments to reduce interest rate risk exposure.

## KEY FINANCIAL RATIO

### Net asset value per share

	<b>30 September 2015</b>	31 March 2015
Net asset value per share (HK cents)	<b>83.4</b>	85.0

The condensed consolidated financial statements of the Group and its joint ventures are presented in Hong Kong dollar while the functional currency is RMB. Our net asset value per share decreased from 31 March 2015 to 30 September 2015 was mainly contributed by unfavorable movement in the exchange rate of the RMB against the Hong Kong dollar which resulted in exchange loss arising on translation recognised by the Group and its joint ventures.

### Gearing ratio

	<b>30 September 2015</b>	31 March 2015
Gearing ratio <sup>(1)</sup>	<b>0.5%</b>	1.4%

<sup>(1)</sup> Gearing ratio = total bank borrowing/total equity

During the Period, the Group made use of capital leverage for our factoring operations while at the same time closely managed the Group's gearing ratio to avoid potential liquidity risk. As at 30 September 2015, the gearing ratio, which was maintained at a healthy level of 0.5%.

### **Charges on group assets**

As at 30 September 2015, there was no charge on the Group's assets.

### **Exposure to fluctuations in exchange rates**

The Group reports its operating result in Hong Kong dollar but major operations of the Group are carried out in China, transacted and recorded in RMB with some monetary assets and liabilities denominated in other foreign currencies. The Group is, thus, exposed to the fluctuation in exchange rates between RMB, Hong Kong dollar and other currencies. At present, the Group has not entered into any hedging or other instrument to reduce currency risks. However, the management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

### **Contingent liabilities**

The Company had given a guarantee to 47.94% for the loan facilities granted by a bank to a joint venture of the Group. As at 30 September 2015, the banking facilities utilised by the relevant joint venture amounted to RMB25.2 million (equivalent to approximately HK\$30.7 million), which decreased by RMB20.0 million (equivalent to approximately HK\$24.4 million) from previous period due to partial repayment.

### **Capital commitment**

The Company had given capital commitment for the acquisition of equipment of HK\$0.6 million (31 March 2015: nil).

### **Employees and remuneration policy**

As at 30 September 2015, the Group had 36 staff located in both Hong Kong and China. The Group remunerates these employees based on their performance, experience and prevailing industry practices. Other benefits offered to these employees include medical insurance, retirement scheme and training subsidies. In addition, the Group has set up a share option scheme for the purpose of providing incentives to the eligible employees.

## **OUTLOOK**

In the first half of 2015, under the combined effect of the decrease in potential economic growth rate and the insufficient external demand, the China economy still faced enormous downward pressure, and the operating environment faced by certain SMEs did not turn around. With the implementation of various stimulation policies, new opportunity may arise in the process of economic structural adjustment and industrial transformation. Facing opportunities and challenges, the Group will continue to strive to enhance asset security, financial service capability in order to facilitate healthy development of the Group. We also build new growth drivers by participating in a real estate fund and holding a significant interest in the manager of such fund so as to capture and benefit from the opportunities in the recovering real estate markets in the developed countries. The manager of the real estate fund is exploring real estate projects in the North America with good investment value.

## **CORPORATE GOVERNANCE CODE**

In the opinion of the Board, the Company complied with the Corporate Governance Code (the “CG Code”) in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) during the Period, except for the following deviation:

Pursuant to Code E.1.2 of the CG Code, the chairman should attend the annual general meeting of the Company (“AGM”). The Company’s Chairman was absent from the AGM held on 26 August 2015 due to health reason.

## **AUDIT COMMITTEE**

The Company established its audit committee (the “Audit Committee”) in June 2003 and has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of the CG Code. The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Cheng Yuk Wo (Chairman of the Audit Committee), Mr. Ma Ho Fai SBS JP and Mr. Ng Chi Keung MH. The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting system and internal control procedures, review of the Group’s financial information, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board.

## **CODE FOR SECURITIES TRANSACTIONS**

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 transaction by the Directors. Having made specific enquiry to all Directors (other than the Chairman who is ill), they confirmed that they had fully complied with the Model Code throughout the Period.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s shares.

## **PUBLICATION OF FURTHER INFORMATION**

The 2015/16 Interim Report of the Company containing all information required by the Listing Rules will be published on the respective websites of the Company and the Stock Exchange in due course.

## **DIRECTORS**

*As at the date of this announcement, the Board comprises Mr. Wang Jun, Mr. Wong Yu Lung, Charles, Mr. Ding Chung Keung and Ms. Wong, Michelle Yatyee (all being executive directors of the Company), Mr. Ma Ho Fai SBS JP, Mr. Cheng Yuk Wo and Mr. Ng Chi Keung MH (all being independent non-executive directors of the Company).*

By Order of the Board  
**Goldbond Group Holdings Limited**  
**Wong Yu Lung, Charles**  
*Deputy Chairman*

Hong Kong, 27 November 2015