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 2013

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 2013 (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.

FINANCIAL HIGHLIGHTS

	1 April 2013 to 30 September 2013	1 April 2012 to 30 September 2012	Changes
	HK$'000 **(Unaudited)**	*HK$'000* (Unaudited)	
OPERATING RESULTS			
Continuing Operations			
Revenue	**31,355**	27,169	15%
Profit (loss) for the period from continuing operations	**70,780**	(13,621)	620%
Profit for the period attributable to owners of the Company	**108,763**	3,882	2,702%
Total comprehensive income for the period attributable to owners of the Company	**147,172**	3,896	3,678%
Basic earnings (loss) per share from continuing operations	**HK2.58 cents**	HK(0.50) cents	616%
Basic earnings per share from continuing and discontinued operations	**HK3.96 cents**	HK0.14 cents	2,729%
FINANCIAL POSITION			
	30 September 2013	31 March 2013	
	HK$'000 **(Unaudited)**	*HK$'000* (Audited)	
Equity attributable to owners of the Company	**2,224,117**	2,116,128	5%

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	Notes	**1 April 2013 to 30 September 2013**	1 April 2012 to 30 September 2012
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	*3*	**31,355**	27,169
Other income		**7,652**	7,901
Staff costs		**(8,016)**	(9,479)
Other operating expenses		**(8,722)**	(3,568)
Adjustment to the carrying amount of a loan to a joint venture		**–**	(39,506)
Change in fair values of financial liabilities		**(7,630)**	19,920
Finance costs		**(230)**	(200)
Share of profit (loss) of joint ventures		**57,716**	(15,858)
Profit (loss) before taxation	*4*	**72,125**	(13,621)
Taxation	*5*	**(1,345)**	–
Profit (loss) for the period from continuing operations		**70,780**	(13,621)
Discontinued operations			
Profit for the period from discontinued operations	*6*	**47,188**	34,968
Profit for the period		**117,968**	21,347
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Exchange differences arising on translation		**28,726**	14
Share of other comprehensive income of a joint venture		**15,356**	–
Other comprehensive income for the period		**44,082**	14
Total comprehensive income for the period		**162,050**	21,361
Profit for the period attributable to:			
Owners of the Company		**108,763**	3,882
Non-controlling interests		**9,205**	17,465
		117,968	21,347

	Note	**1 April 2013 to 30 September 2013**	1 April 2012 to 30 September 2012
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Total comprehensive income for the period attributable to:			
Owners of the Company		**147,172**	3,896
Non-controlling interests		**14,878**	17,465
		162,050	21,361
Earnings (loss) per share	*9*		
From continuing and discontinued operations			
– Basic		**3.96 cents**	0.14 cents
– Diluted		**3.96 cents**	N/A
From continuing operations			
– Basic		**2.58 cents**	(0.50) cents
– Diluted		**2.58 cents**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2013

	Notes	30 September 2013 HK$'000 (Unaudited)	31 March 2013 HK$'000 (Audited)
Non-current assets			
Equipment		**2,444**	2,255
Interests in joint ventures		**1,487,407**	1,149,458
Loan to a joint venture		**444,874**	424,171
Finance leases receivable	*10*	**–**	982,322
Club debentures		**18,639**	18,179
		1,953,364	2,576,385
Current assets			
Loans to a joint venture		**53,643**	248,334
Amount due from a joint venture		**–**	388
Advances provided to customers	*11*	**103,298**	–
Finance leases receivable	*10*	**–**	661,100
Prepayments, deposits and other receivables		**4,632**	11,316
Security deposits		**–**	17,835
Short term bank deposits			
– with original maturity within three months		**143,330**	305,585
– with original maturity more than three months		**91,812**	251,813
Bank balances and cash		**218,187**	34,437
		614,902	1,530,808
Current liabilities			
Other payables and accrued charges		**22,531**	31,603
Deposits from finance lease customers		**–**	71,766
Deferred income		**–**	20,859
Taxation		**1,249**	889
Bank borrowings		**–**	457,606
Liabilities under shareholders' agreements		**8,364**	7,948
		32,144	590,671
Net current assets		**582,758**	940,137
Total assets less current liabilities		**2,536,122**	3,516,522

	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Capital and reserves		
Share capital	**274,501**	274,501
Reserves	**1,949,616**	1,841,627
Equity attributable to owners of the Company	**2,224,117**	2,116,128
Non-controlling interests	**–**	220,721
Total equity	**2,224,117**	2,336,849
Non-current liabilities		
Deposits from finance lease customers	**–**	291,751
Deferred income	**–**	20,136
Bank borrowings	**–**	563,225
Liabilities under shareholders' agreements	**308,601**	301,387
Redeemable convertible preference shares	**3,404**	3,174
	312,005	1,179,673
	2,536,122	3,516,522

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").

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 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interest in other entities: Transition guidance
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employment benefits
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKAS 1	Presentation of items of other comprehensive income
Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures, and the guidance contained in a related interpretation, HK(SIC)-INT 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors concluded that the Group's interests in jointly controlled entities should be classified as interests in joint ventures under HKFRS 11 and accounted for using the equity method.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in the condensed consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories:

(a) items that will not be reclassified subsequently to profit or loss; and

(b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 Interim Financial Reporting (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (CODM) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Except as described above, the application of the above new or revised 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.

The Group has not early applied new or revised standards and amendments that have been issued but are not yet effective.

3. SEGMENT INFORMATION

Operations regarding provision of financial leasing service (previously a separate reportable segment) were discontinued on 21 June 2013 (described in more detail in Note 6).

The Group currently has one operating segment, based on information reported to the Chief Executive Officer, the chief operating decision maker for the purposes of resources allocation and performance assessment, which is the aggregated results of the Group, including all income, expenses and tax charges.

As a result, there is only one reportable segment for the Group. For information regarding this segment, reference can be made to the condensed consolidated financial statements as a whole.

The segment result of the Group represents profit after taxation set out in the condensed consolidated statement of profit or loss and other comprehensive income.

Revenue from continuing operations represents income generated from external customers in the People's Republic of China ("China") of HK$4,596,000 (Nil for the six months ended 30 September 2012) and loan interest income generated from a joint venture incorporated outside China of HK$26,759,000 (HK$27,169,000 for the six months ended 30 September 2012).

4. PROFIT (LOSS) BEFORE TAXATION – CONTINUING OPERATIONS

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

Continuing operations

	1 April 2013 to 30 September 2013	1 April 2012 to 30 September 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Imputed interest on redeemable convertible preference shares	**230**	200
Depreciation of equipment	**375**	321
Interest income from bank deposits	**(7,267)**	(7,633)
Operating lease rentals in respect of properties	**1,300**	1,148
Net exchange loss (gain)	**4,327**	(77)
Gain on disposal of equipment	**(254)**	–

5. TAXATION

Continuing operations

	1 April 2013 to 30 September 2013	1 April 2012 to 30 September 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The current tax charge comprises:		
Enterprise Income Tax in China	**1,345**	–

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 since 1 January 2008 totalling HK$4,036,000 (31 March 2013: HK$1,719,000) 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. DISCONTINUED OPERATIONS

On 2 May 2013, Rongzhong Capital Holdings Limited ("Rongzhong Capital"), entered into the subscription agreement with the subscribers, pursuant to which the subscribers conditionally agreed to subscribe for and Rongzhong Capital conditionally agreed to allot and issue the subscription shares, being 4,422 Rongzhong Capital's new shares, at an aggregate consideration of US$3.0 million (equivalent to approximately HK$23.4 million).

Details of the subscription were disclosed in the circular dated 24 May 2013 issued by the Company.

On 21 June 2013, upon completion of the above transaction, the Company's equity interest in Rongzhong Capital and its subsidiaries (collectively the "Disposal Group") was reduced to approximately 47.94% and Rongzhong Capital was ceased to be a subsidiary of the Company. The financial results and position of Disposal Group were deconsolidated from, and then accounted for as a joint venture using equity method in the condensed consolidated financial statements of the Group thereafter.

The operations regarding financial leasing and financing services carried out by the Disposal Group have been treated as discontinued operations. The comparative figures relating to the discontinued operations have also been re-presented.

Profit for the period from discontinued operations

	1 April 2013 to 21 June 2013	1 April 2012 to 30 September 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue	**51,093**	91,509
Other income	**39**	112
Staff costs	**(626)**	(1,131)
Other operating expenses	**(909)**	(1,608)
Direct finance costs	**(24,918)**	(42,317)
Profit before taxation	**24,679**	46,565
Taxation	**(6,249)**	(11,597)
Profit form financial leasing and financing service operations	**18,430**	34,968
Gain on deemed disposal of subsidiaries *(Note 7)*	**28,758**	–
Profit for the period from discontinued operations	**47,188**	34,968
Profit for the period from discontinued operations attributable to:		
Owners of the Company	**37,983**	17,503
Non-controlling interests	**9,205**	17,465
	47,188	34,968
Profit for the period from discontinued operations included the following:		
Interest on bank borrowings	**18,420**	30,864
Depreciation of equipment	**142**	170
Interest income from bank deposits	**(39)**	(112)
Operating lease rentals in respect of properties	**155**	294
Net exchange loss	**82**	–

Cash flows from discontinued operations

	1 April 2013 to 21 June 2013	1 April 2012 to 30 September 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash from operating activities	**95,568**	13,213
Net cash (used in) from investing activities	**(69)**	112
Net cash used in financing activities	**(120,070)**	(6,890)
Net cash (outflows) inflows	**(24,571)**	6,435

7. DEEMED DISPOSAL OF SUBSIDIARIES

On 21 June 2013, the Group disposed of the Disposal Group which carried out the financial leasing service and financing service businesses.

	21 June 2013
	HK$'000
	(Unaudited)
Equipment	618
Loan to a joint venture	177,532
Amount due from a joint venture	709
Finance leases receivable	1,653,485
Prepayments, deposits and other receivables	9,103
Security deposits	2,707
Bank balances and cash	10,164
Assets disposed of	1,854,318
Other payables and accrued charges	7,679
Deposits from finance lease customers	388,331
Deferred income	39,589
Taxation	2,184
Bank borrowings	944,817
Liabilities disposed of	1,382,600
Net assets disposed of	471,718

Gain on deemed disposal of subsidiaries

	21 June 2013
	HK$'000
	(Unaudited)
Interest in a joint venture	264,877
Net assets disposed of	(471,718)
Non-controlling interests	235,599
Gain on deemed disposal *(Note 6)*	28,758

The gain on deemed disposal is included in the profit for the period from discontinued operations in the condensed consolidated statement of profit or loss and other comprehensive income (Note 6).

8. DIVIDENDS

	1 April 2013 to 30 September 2013	1 April 2012 to 30 September 2012
	HK$'000	*HK$'000*
	(Unaudited)	(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 2013 (2012: In respect of the year ended 31 March 2012 of nil per share)	**41,175**	–

The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2013 (Nil for the six months ended 30 September 2012).

9. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	1 April 2013 to 30 September 2013	1 April 2012 to 30 September 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**108,763**	3,882
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,745,013**	2,745,013
Effect of dilutive potential ordinary shares:		
Share options	**1,212**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,746,225**	2,745,013

The computation of diluted earnings per share for the prior period did not assume the exercise of the Company's outstanding share options since their assumed exercise would result in decrease in loss per share from continuing operations for the prior period.

From continuing operations

The calculation of basic and diluted earnings (loss) per share from continuing operations attributable to the owners of the Company is based on the following data:

	1 April 2013 to 30 September 2013	1 April 2012 to 30 September 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings (loss) figures are calculated as follows:		
Profit for the period attributable to owners of the Company	**108,763**	3,882
Less: Profit for the period from discontinued operations attributable to owners of the Company	**(37,983)**	(17,503)
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share from continuing operations	**70,780**	(13,621)

The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is HK1.38 cents per share (HK0.64 cents per share for the six months ended 30 September 2012), based on the profit for the period from the discontinued operations attributable to owners of the Company of HK$37,983,000 (HK$17,503,000 for the six months ended 30 September 2012) and the denominators detailed above for both basic and diluted earnings per share.

10. FINANCE LEASES RECEIVABLE

	Minimum lease payments		**Present value of minimum lease payments**	
	30 September 2013	31 March 2013	**30 September 2013**	31 March 2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Finance leases receivable comprise:				
Within one year	**–**	778,974	**–**	661,100
In more than one year but not more than five years	**–**	1,068,135	**–**	982,322
	–	1,847,109	**–**	1,643,422
Less: Unearned finance income	**–**	(203,687)		
Present value of minimum lease payment	**–**	1,643,422		
Analysed for reporting purposes as:				
Current assets			**–**	661,100
Non-current assets			**–**	982,322
			–	1,643,422

The Group's finance leases receivable were in Renminbi ("RMB") which is the functional currency of the relevant group entity.

Finance leases receivable were mainly secured by leased assets which were used in laser processing, plastics, industrial processing, textile and garment industries, customers' deposits and leased assets repurchase arrangement where applicable. As at 31 March 2013, finance leases receivable of HK$164,204,000 were past due but not impaired and the customers' deposits of HK$363,517,000 were repayable by the end of lease periods. The finance leases receivable of HK$1,653,485,000 and deposits from finance lease customers of HK$388,331,000 were derecognised upon deemed disposal of subsidiaries (Note 7) on 21 June 2013. There was no unguaranteed residual value of leased assets and no contingent rent arrangement that needed to be recognised in the prior period.

The following was an ageing analysis of finance leases receivable which were past due but not impaired:

	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Less than one month	**–**	6
More than one month but less than three months	**–**	164,198
	–	164,204

Management reviewed and assessed for impairment individually based on customers' repayment history and the values of the assets pledged. As at 31 March 2013, an aggregate carrying amount of HK$164,204,000 was past due but the Group did not provide for impairment loss as management considered there was no significant change in credit quality for these customers.

11. ADVANCES PROVIDED TO CUSTOMERS

	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Advances provided to customers	**103,298**	–

As at 30 September 2013, the advances provided to customers bore fixed coupon interest at a rate of not more than 16.8% per annum and were repayable according to the loan agreements which usually cover periods of two to six months. The balances were not overdue and secured by assets such as properties and equity interests in certain private entities in China where applicable.

The following is an ageing analysis of advances provided to customers determined based on the advance payment date, as at the end of the reporting period:

	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Less than one month	**65,550**	–
More than one month but less than three months	**32,724**	–
More than three months but less than six months	**5,024**	–
	103,298	–

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend in respect of the results for the Period (corresponding period in 2012: nil).

BUSINESS REVIEW

The Group engages principally in the provision of non-bank financial services to small-to-medium enterprises ("SMEs") in China. Through its multi-platforms, the Group and its joint ventures offer wide spectrum of services including financing, financial leasing and loan guarantee services with customer base spans over various provinces and cities in China.

Financing

Small loan operation

In view of the large demand for financing channel from SMEs and as part of the growth strategies, the Group took a major leap forward to establish its first wholly-owned small loan subsidiary, 鹽城市金榜科技小額貸款有限公司("Yancheng Goldbond") in Yancheng, Jiangsu Province, China. Yancheng Goldbond had an approved registered capital of US$30 million, which gives us a competitive advantage in both operational scale and flexibility to cater the different financial needs of SMEs, as the approved registered capital is directly related to the total capital available to a small loan provider for granting loans and the maximum size of individual loan and direct investment.

Yancheng Goldbond is authorised to offer, in addition to financing service, loan guarantee service, direct investment and other services approved by the provincial government, to its customers. The ability to provide a wider range of service is favorable to us as we would be able to reach more potential customers.

Many SMEs turn to Yancheng Goldbond for short-term loans as our comprehensive products range and transparent and efficient loan approval process could better serve their immediate liquidity needs. The small loan operation has achieved satisfactory growth since its commencement of business during the Period, recording total advances provided to customers of HK$103.3 million as at 30 September 2013 and recognising a total revenue of HK$4.6 million (corresponding period in 2012: nil).

As the awareness to our brand increased, we expected that demand for our financing service and the number of loan applications will continue to increase. The sustainability of our small loan operation and future growth depends largely on our ability to effectively manage the default risk of our loan portfolio and maintain a low impaired loan ratio. We will timely adjust its risk control measures to minimise default risk. We expected that the operation of Yancheng Goldbond will continue to grow and will provide a stable revenue stream to the Group.

Rongzhong Facilities

The Group has granted a revolving loan facility of up to HK$900 million to Rongzhong Group. Part of the loans in a sum of HK$444 million (the "Special Loan") is expected to be repaid beyond one year while the remaining balance of the loans is expected to be repaid within one year. As at 30 September 2013, the total carrying amount of the loans under the above-mentioned facility was HK$498.5 million (31 March 2013: HK$499.2 million) and the total interest generated therefrom for the Period was HK$26.8 million (corresponding period in 2012: HK$27.2 million). During the prior period, the carrying amount of the Special Loan was written down by HK$39.5 million as a result of the change of expected repayment date in accordance with applicable accounting standards.

Rongzhong Capital, a non-wholly owned subsidiary of the Group prior to Completion (as defined below), has provided a revolving loan facility of RMB150 million (equivalent to approximately HK$185 million) to Rongzhong Group. The loan is bearing an interest rate of 3% per annum and repayable within one year of the reporting date. The total interest generated therefrom for the Period prior to Completion (as defined below) was HK$1.3 million (corresponding period in 2012: HK$2.6 million).

Discontinued Operations/Interests in a joint venture – Rongzhong Capital (47.94% owned by the Group)

The Group, through Rongzhong Capital and its subsidiaries ("Rongzhong Capital Group"), had offered a wide range of financial leasing services, such as direct leasing, sales and leaseback, leveraged leasing, lease with buy-back undertaking and other related consultancy services to SMEs spans over various provinces and cities in China. Rongzhong Capital Group has achieved significant growth since it commenced business operation in late 2008. The total carrying value of finance leases receivable amounted to HK$1,735.7 million as at 30 September 2013 (31 March 2013: HK$1,643.4 million), representing an increase of 6%.

On 21 June 2013, Rongzhong Capital completed an issuance of new shares to its key management ("Completion"), details of which were set out in the circular of the Company dated 24 May 2013. As a result of such share issuance, the Company's equity interest in Rongzhong Capital was reduced to approximately 47.94%, and Rongzhong Capital ceased to be a subsidiary of the Company. The financial results and position of Rongzhong Captial Group were deconsolidated from, and then accounted for as a joint venture using equity method in the condensed consolidated financial statements of the Group thereafter.

Upon Completion, the Group recognised a gain of HK$28.8 million, which was computed on the basis of, among others, the estimated fair value and carrying amount of the Rongzhong Capital Group on the date of Completion.

The revenue and profit of Rongzhong Capital Group for the Period was HK$107.3 million and HK$40.5 million, respectively (corresponding period in 2012: HK$91.5 million and HK$35.0 million, respectively), of which HK$51.1 million and HK$18.4 million, respectively related to the period prior to the date of Completion and were treated as the discontinued operations. The profit generated by Rongzhong Capital Group after Completion was HK$22.1 million in which the Group shared, in proportion to its approximately 47.94% equity interest, HK$10.6 million (corresponding period in 2012: nil).

Interests in a joint venture – Rongzhong Group (40% owned by the Group)

Rongzhong Group engages principally in the business of financing, loan guarantee, financial consulting and management services in China. Over these years, the Rongzhong Group has extended its business services to cover customers located in Wuhan, Chongqing, Guangdong, Hubei, Hunan, Jiangsu, Sichuan and Zhejiang in China. Rongzhong Group and its subsidiaries have developed strong and cohesive business relationship with numerous SMEs and more than 20 co-operating banks in China.

The Group accounted for the financial results of Rongzhong Group using equity method. During the Period, Rongzhong Group generated total revenue of HK$211.4 million (corresponding period in 2012: HK$175.8 million), representing a growth of 20%. The Group shared a net profit for the Period of HK$47.1 million (corresponding period in 2012: loss of HK$15.9 million). Significant improvement in result was mainly contributed by the growth of its financing business and decrease in impairment provision.

Outlook

China's economy will continue to expand under a stable growth rate. As bank lending was limited, SMEs turn to the Group and our joint ventures for diversified financial services to meet their immediate short-term and medium term financing needs. The robust demand from SMEs provides a solid base for our future growth. We believe we could continue to improve our loan portfolio through enhancing our risk assessments and loan pricing.

We constantly evaluate opportunities to leverage our industry expertise and extend our geographic reach. Our local presence in Jiangsu helps to enhance our brand recognition among local customers in Jiangsu. We plan to solidify our position as one of the major financial services provider in Jiangsu by expanding our footprints in Jiangsu in the near future. By leveraging business operation capability and network gained in the past, we are confident that we could seize business opportunities promptly to ensure continuous, healthy and stable growth.

In addition, the Group will continue to look for investment opportunities for high quality assets or properties in some developed countries for diversifying the business segments of the Group and create sustainable value to the shareholders of the Company.

FINANCIAL REVIEW

Revenue

The Group generated a total revenue for the Period of HK$82.5 million (corresponding period in 2012: HK$118.7 million). It included revenue from the continuing financing operation of HK$31.4 million (corresponding period in 2012: HK$27.2 million) and the revenue from financial leasing and financing services carried out by Rongzhong Capital Group for the period prior to Completion, which have been treated as discontinued operations of HK$51.1 million (corresponding period in 2012: HK$91.5 million). Although the financing business recorded a growth during the Period with the commencement of small loan operation, the total revenue dropped by about 31% because the revenue of Rongzhong Capital Group was not consolidated by the Group after the Completion.

Results of Operations

As mentioned in the section headed "Discontinued Operations/Interests in a joint venture – Rongzhong Capital", as a result of share issuance of Rongzhong Capital, the Company's equity interest in Rongzhong Capital was reduced to approximately 47.94% and Rongzhong Capital ceased to be a subsidiary of the Company. The financial results and position of Rongzhong Capital Group were deconsolidated from, and then accounted for as a joint venture using equity method in the condensed consolidated financial statements of the Group thereafter. The share of profit of Rongzhong Capital Group for the period from the date of Completion to 30 September 2013 amounted to HK$10.6 million (corresponding period in 2012: nil). Together with the share of profit of Rongzhong Group of HK$47.1 million (corresponding period in 2012: loss of HK$15.9 million), the share of profit of joint ventures for the Period amounted to HK$57.7 million (corresponding period in 2012: share of loss of HK$15.9 million).

The operations regarding financial leasing and financing services carried out by the Rongzhong Capital Group prior to Completion have been treated as "discontinued operations" and presented separately in the Group's condensed consolidated statement of profit or loss and other comprehensive income and note to condensed consolidated financial statements. The profit for the Period from discontinued operations amounted to HK$47.2 million (corresponding period in 2012: HK$35.0 million), which composed of profit from financial leasing and financing service operations of Rongzhong Capital Group of HK$18.4 million for the period prior to Completion (corresponding period in 2012: HK$35.0 million) and a gain on deemed disposal of Rongzhong Capital Group of HK$28.8 million (corresponding period in 2012: nil). Such gain was computed on the basis of, among others, the estimated fair value and carrying amount of the Rongzhong Capital Group on the date of Completion.

As a result of the foregoing, together with absence of an adjustment to write down the carrying amount of a loan to joint venture and the negative financial impact of change in fair values of financial liabilities of HK$7.6 million (corresponding period in 2012: positive financial impact of HK$19.9 million), the Group generated a total profit for the Period attributable to the owners of the Company of HK$108.8 million (corresponding period in 2012: HK$3.9 million), representing an increase of about 2,702%.

Total Comprehensive Income for the Period Attributable to the Owners of the Company

The Group generated a total comprehensive income for the Period attributable to the owners of the Company of HK$147.2 million (corresponding period in 2012: HK$3.9 million), representing an increase of about 3,678%. The significant increase during the Period was mainly due to (1) the increase in Profit for the Period attributable to the owners of the Company as details in the section headed "Results of Operations", (2) the share of other comprehensive income of a joint venture of HK$15.4 million (corresponding period in 2012: nil) and (3) the increase of exchange gain arising on translation as there was significant appreciation gain of Renminbi of HK$28.7 million (corresponding period in 2012: nil) during the Period.

Financial Resources and Capital Structure

The Group always maintains healthy cash position and sufficient capital for business development. As at 30 September 2013, the aggregate sum of cash, bank balances and short term bank deposits amounted to HK$453.3 million (31 March 2013: HK$591.8 million). The working capital (current assets less current liabilities) and the total equity of the Group were HK$582.8 million (31 March 2013: HK$940.1 million) and HK$2,224.1 million (31 March 2013: HK$2,336.8 million) respectively.

As at 30 September 2013, the Group had no bank borrowings. As at 31 March 2013, the bank borrowing of HK$1,020.8 million was granted by banks in China to Rongzhong Capital Group to support the operation regarding the provision of the financial leasing service. The Group has not entered into any hedging instruments to reduce interest rate risk exposure.

Liquidity and Gearing Ratio

The Group liquidity position is further improved with the derecognition of all the bank borrowings upon Completion. As at 30 September 2013, the current ratio (current assets/current liabilities) of the Group jumped to 19.13 times (31 March 2013: 2.59 times) and both the debt-to-equity ratio (total bank borrowings/total equity) and the net debt-to-equity ratio of the Group were reduced to zero (31 March 2013: 43.7% and 29.1% respectively).

Charges on Group Assets

As at 30 September 2013, there was no charge on the Group's assets.

As at 31 March 2013, certain finance leases receivable with an aggregate carrying value of HK$1,261.7 million and security deposits of HK$17.8 million were pledged to banks in China to secure the bank borrowings of the Group.

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 Renminbi with some monetary assets and liabilities denominated in other foreign currencies. The Group is, thus, exposed to the fluctuation in exchange rates between Renminbi, 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

As at 30 September 2013, the Company had given a guarantee to bank borrowings of RMB92.6 million equivalent to approximately HK$117.2 million (31 March 2013: RMB100 million equivalent to approximately HK$123.5 million) to a joint venture of the Group. The guarantee provided by the Company was approximately 47.94% (31 March 2013: 50.055%) of all sums payable by the borrower.

Employees and Remuneration Policy

As at 30 September 2013, the Group had approximately 26 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company complied with the Code on Corporate Governance Practices (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"). Mr. Wang Jun, the Company's Chairman, was unable to attend the AGM held on 30 August 2013 due to other prior business engagement.

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, all Directors confirmed that they 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 2013/14 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, Ms. Wong, Michelle Yatyee and Mr. Melvin Jitsumi Shiraki (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
Mr. Ding Chung Keung
Chief Executive Officer

Hong Kong, 28 November 2013