GOLDBOND GROUP HOLDINGS LIMITED
金榜集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 00172)

PRELIMINARY ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017 AND CLOSURE OF REGISTER OF MEMBERS

The board of directors (the "Board") of Goldbond Group Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2017 (the "Year") together with comparative figures.

FINANCIAL HIGHLIGHTS

	2017	2016
	HK$'000	*HK$'000*
Proposed dividend per share for the year	**–**	HK1.5 cents
OPERATING RESULTS		
Revenue	**81,371**	48,418
(Loss) profit for the year	**(1,422,818)**	124,473
(Loss) profit for the year attributable to owners of the Company	**(1,422,818)**	124,473
Total comprehensive (expense) income for the year attributable to owners of the Company	**(1,542,115)**	21,032
Basic (loss) earnings per share	**HK(51.52) cents**	HK4.51 cents
FINANCIAL POSITION		
Equity attributable to owners of the Company	**745,254**	2,324,588

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	3	**81,371**	48,418
Other income		**23,305**	12,282
Cost of sales of trading business		**(56,669)**	–
Staff costs		**(20,242)**	(28,537)
Other operating expenses		**(13,084)**	(11,899)
Impairment, net of other gain, on interest in a joint venture		**(250,377)**	–
Impairment loss on interest in an associate		**(20,680)**	–
Impairment loss on loan to a joint venture		**(44,424)**	–
Impairment losses on advances provided to customers		**(11,110)**	(14,152)
Adjustment to the carrying amount of a loan to a joint venture		**–**	(10,746)
Change in fair values of financial liabilities		**–**	31,812
Direct finance costs		**–**	(1,311)
Other finance costs		**(724)**	(629)
Share of (loss) profit of joint ventures		**(999,504)**	95,897
Share of (loss) profit of associates		**(97,300)**	3,460
(Loss) profit before taxation	5	**(1,409,438)**	124,595
Taxation	6	**(13,380)**	(122)
(Loss) profit for the year		**(1,422,818)**	124,473
Other comprehensive expenses			
Items that will not be reclassified to profit or loss			
Exchange differences arising on translation to presentation currency attributable to:			
The Group		**(38,362)**	(34,369)
Joint ventures		**(60,983)**	(69,072)
An associate		**(19,952)**	–
Other comprehensive expenses for the year		**(119,297)**	(103,441)
Total comprehensive (expense) income for the year		**(1,542,115)**	21,032
(Loss) profit for the year attributable to owners of the Company		**(1,422,818)**	124,473
Total comprehensive (expense) income for the year attributable to owners of the Company		**(1,542,115)**	21,032
(Loss) earnings per share	8		
– Basic		**HK(51.52) cents**	HK 4.51 cents
– Diluted		**HK(51.52) cents**	HK 4.49 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Equipment		**2,187**	3,669
Interest in a joint venture		**2,569**	1,313,433
Interests in associates		**185,526**	323,458
Loan to a joint venture		**–**	34,424
Loan to an associate		**1,470**	–
Advances provided to customers	*10*	**132,319**	–
Club debentures		**16,545**	17,529
Deferred tax asset		**–**	10,851
		340,616	1,703,364
Current assets			
Loan to a joint venture		**–**	448,785
Account receivable	*9*	**14,955**	–
Advances provided to customers	*10*	**143,953**	189,880
Prepayments, deposits and other receivables		**1,912**	3,285
Structured deposit		**14,921**	–
Short term bank deposits			
– with original maturity within three months		**234,877**	276,706
– with original maturity more than three months		**19,101**	36,906
Bank balances and cash		**20,324**	9,984
		450,043	965,546
Current liabilities			
Bills and other payables	*11*	**36,371**	21,269
Taxation		**3,484**	2,987
Liabilities under shareholders' agreements		**–**	315,240
		39,855	339,496
Net current assets		**410,188**	626,050
Total assets less current liabilities		**750,804**	2,329,414

	2017	2016
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**829,209**	829,209
Reserves	**(83,955)**	1,495,379
Total equity	**745,254**	2,324,588
Non-current liability		
Redeemable convertible preference shares	**5,550**	4,826
	750,804	2,329,414

Notes:

1. BASIS OF PREPARATION

The financial results have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations ("INT") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"). The financial results also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

The financial information relating to the financial years ended 31 March 2017 and 2016 included in this preliminary announcement of the annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 March 2017 in due course.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 11	Accounting for acquisitions of interest in joint operations
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle

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

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers and related amendments[1]
HKFRS 16	Leases[2]
HK(IFRIC) – Int 22	Foreign currency transactions and advance consideration[1]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKAS 7	Disclosure initiative[4]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[4]
Amendments to HKAS 40	Transfers of investment property[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 – 2016 cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

Except as described below, the application of these new and amendments to HKFRSs in issue but not yet effective has had no material impact on the Group's financial performance and position and/or the disclosures when they become effective.

HKFRS 9 Financial instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Application of HKFRS 9 in the future may have following impacts on the financial assets of the Group:

- Financial assets measured at amortised costs under HKFRS 9 will be subject to impairment provision of HKFRS 9. Generally, the impairment model of HKFRS 9 will result in earlier loss recognition than that of HKAS 39.

The Group has not yet launched a detailed study on the impact of implementation of HKFRS 9 and therefore the above analysis is preliminary. It is based on the facts and circumstances as at 31 March 2017 and subject to changes. The Group is unable to provide an estimate of these effects when these consolidated financial statements are authorised.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

As the Group provides various services including trading, financing and factoring services, implementations of HKFRS 15 may have an impact on recognition or measurement of income from these services. In addition, the application of HKFRS15 in the future may result in more disclosures in the consolidated financial statements.

The Group, however, has not yet launched a full study on the impacts of HKFRS 15. The Group is unable to provide an estimate of these effects when these consolidated financial statements are authorised.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede the current lease guidance including HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents as operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

Total operating lease commitment of the Group in respect of future minimum lease payment as at 31 March 2017 amounted to HK$11,566,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

3. REVENUE

Revenue for the year represents income received and receivable from the sale of goods, provision of financing service and factoring service. It also represents the turnover of the Group.

	2017	2016
	HK$'000	*HK$'000*
Revenue from the sale of goods	**56,749**	–
Financing service income	**9,236**	31,775
Factoring service income	**15,386**	16,643
	81,371	48,418

4. 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 executive directors of the Company, being the chief operating decision maker ("CODM"), in order to allocate resources to the segments and to assess performance, are summarised as follows:

(a) trading segment: sales of goods, which is a new business undertaken by the Group during the year ended 31 March 2017;

(b) financing service segment: provision of financing services; and

(c) factoring service segment: provision of factoring services.

During the year, the operating segments of the Group as reviewed by the CODM has changed to excluded the provision of financing services and loan guarantee services through a joint venture (previously included in the financing service segment) and provision of financial leasing service through an associate (previously presented as financial leasing service segment), the comparative figures have been restated to re-present the Group's segment information accordingly.

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:

For the year ended 31 March 2017

	Trading *HK$'000*	**Financing service** *HK$'000*	**Factoring service** *HK$'000*	**Total** *HK$'000*
Revenue from customers	**56,749**	**9,236**	**15,386**	**81,371**
Segment results	**(291)**	**(47,287)**	**12,548**	**(35,030)**
Unallocated other income				**9,109**
Impairment, net of other gain, on interest in a joint venture				**(250,377)**
Impairment loss on interest in an associate				**(20,680)**
Central administration costs				**(28,446)**
Net exchange gain				**13,514**
Other finance costs				**(724)**
Share of loss of a joint venture				**(999,504)**
Share of losses of associates				**(97,300)**
Loss before taxation				**(1,409,438)**

For the year ended 31 March 2016

	Financing service *HK$'000*	Factoring service *HK$'000* *(Note)*	Total *HK$'000*
Revenue from customers	31,775	16,643	48,418
Segment results	4,913	12,239	17,152
Unallocated other income			11,919
Change in fair values of financial liabilities			31,812
Central administration costs			(35,074)
Net exchange gain			58
Other finance costs			(629)
Share of profit of joint ventures			95,897
Share of profit of associates			3,460
Profit before taxation			124,595

Segment results represent the profit earned by each segment, without allocation of impairment, net of other gain, on interest in a joint venture, impairment loss on interest in an associate, central administration costs, other income (primarily bank interest income), change in fair values of financial liabilities, net exchange gain, other finance costs, share of (loss) profit of joint ventures and share of (loss) profit of associates. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Note: Included in segment results are direct finance costs of HK$1,311,000 for the year ended 31 March 2016 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 31 March 2017

	Trading *HK$'000*	**Financing service** *HK$'000*	**Factoring service** *HK$'000*	**Total** *HK$'000*
Assets				
Segment assets	**30,024**	**133,792**	**143,462**	**307,278**
Interest in a joint venture				**2,569**
Interests in associates				**185,526**
Loan to an associate				**1,470**
Unallocated assets				**293,816**
Total assets				**790,659**
Liabilities				
Segment liabilities	**14,934**	**149**	**318**	**15,401**
Unallocated liabilities				**30,004**
Total liabilities				**45,405**

As at 31 March 2016

	Financing service *HK$'000*	Factoring service *HK$'000*	Total *HK$'000*
Assets			
Segment assets	531,214	143,400	674,614
Interest in a joint venture			1,313,433
Interests in associates			323,458
Unallocated assets			357,405
Total assets			2,668,910
Liabilities			
Segment liabilities	227	190	417
Unallocated liabilities			343,905
Total liabilities			344,322

For the purposes of monitoring segment performance and allocating resources between segments, the CODM monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments other than interest in a joint venture, interests in associates, loan to an associate, club debentures, deferred tax asset, structured deposit, 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.

Other segment information

An analysis of the Group's other amounts included in the measure of segment profit or loss or segment assets by reportable segments is as follows:

For the year ended 31 March 2017

	Trading *HK$'000*	**Financing service** *HK$'000*	**Factoring service** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Expenditure for reportable segment non-current assets	**14**	**–**	**328**	**27**	**369**
Impairment loss on loan to a joint venture	**–**	**44,424**	**–**	**–**	**44,424**
Impairment losses on advances provided to customers	**–**	**11,110**	**–**	**–**	**11,110**
Depreciation of equipment	**14**	**136**	**456**	**1,139**	**1,745**

For the year ended 31 March 2016

	Financing service *HK$'000*	Factoring service *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Expenditure for reportable segment non-current assets	–	144	945	1,089
Impairment losses on advances provided to customers	14,152	–	–	14,152
Depreciation of equipment	155	416	1,231	1,802

5. (LOSS) PROFIT BEFORE TAXATION

	2017 *HK$'000*	2016 *HK$'000*
(Loss) profit before taxation has been arrived at after charging:		
Salaries, allowances and other benefits	**15,342**	21,589
Retirement benefit scheme contributions	**690**	709
Equity-settled share-based payment expenses	**4,210**	6,239
Total staff costs (including directors' remuneration)	**20,242**	28,537
Auditor's remuneration		
– Audit service	**475**	475
– Non-audit services	**501**	501
Loss on deemed disposal of a joint venture	**–**	942
Operating lease rentals in respect of properties	**5,600**	3,589
Loss on disposal of equipment	**1**	–
Depreciation of equipment	**1,745**	1,802
and after crediting:		
Interest income from bank deposits (included in other income)	**9,109**	11,919
Net exchange gain (included in other income)	**13,514**	58
Gain on disposal of equipment (included in other income)	**–**	43

6. TAXATION

	2017	2016
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Current tax		
Enterprise Income Tax in the Peoples' Republic of China ("China")		
– Provision for the current year	**3,138**	3,825
– Overprovision in prior year	**–**	(165)
	3,138	3,660
Deferred taxation	**10,242**	(3,538)
	13,380	122

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

Under the Enterprise Income Tax Law of China (the "EIT Law") and the Implementation Regulation of the EIT Law, all subsidiaries in China are subject to the tax rate of 25% during both years.

7. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Dividends recognised as distribution and paid during the year:		
Final dividends of HK1.5 cents per share in respect of the year ended 31 March 2016 (2016: In respect of the year ended 31 March 2015 of HK1.5 cents per share)	**41,429**	41,429

The directors do not recommend the payment of dividend for the year (2016: HK1.5 cents per share).

8. (LOSS) EARNINGS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
(Loss) earnings:		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share ((loss) profit for the year attributable to owners of the Company)	**(1,422,818)**	124,473
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**2,761,913**	2,757,979
Effect of dilutive potential ordinary shares:		
Share options *(Note)*	**–**	14,205
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**2,761,913**	2,772,184

Note: The computation of diluted loss per share for the year ended 31 March 2017 does not assume the exercise of the Company's outstanding share options since their assumed exercise would result in decrease in loss per share for the year.

9. ACCOUNT RECEIVABLE

The Group normally allows credit period for trade customers of 60 days. The account receivable presented based on the invoice date, which approximated the respective revenue recognition dates, at the end of the reporting period was 0-60 days. At the end of the reporting period, the directors considered the account receivable which is neither past due nor impaired related to a customer of good credit quality.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limit. Credit sales are made to customers with appropriate credit history. Credit limits attributed to customers are reviewed regularly.

10. ADVANCES PROVIDED TO CUSTOMERS

	2017	2016
	HK$'000	*HK$'000*
Advances provided to customers	**328,348**	233,285
Less: Impairment allowances	**(52,076)**	(43,405)
	276,272	189,880
Less: Amounts shown under current assets	**(143,953)**	(189,880)
Amount due after one year	**132,319**	–

As at 31 March 2017, the advances provided to customers, which bore fixed interest at a rate of not more than 16.8% (2016: 18%) per annum, were repayable according to terms stipulated in the loan agreements and factoring facility agreements. Included in the balances, an aggregate amount of HK$275,242,000 was secured by assets such as properties, equity interests in certain private entities in China and a fixed and floating charge executed by a private entity in the British Virgin Islands where applicable (2016: HK$157,662,000 was secured by assets such as properties, bank's acceptance bills and equity interests in certain private entities in China).

11. BILLS AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Bills payables	**14,921**	–
Other payables	**21,450**	21,269
	36,371	21,269

As at 31 March 2017, bills payables were secured by the structured deposit. The credit period on purchases of goods is 6 months. The bills payables were aged within 6 months based on the invoice date at the end of the reporting period. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

12. EVENT AFTER THE REPORTING PERIOD

As at 30 June 2017, market value of the Group's listed investments in China Rongzhong based on quoted market price was approximately HK$153,872,000.

BUSINESS REVIEW

The Group is principally engaged in the provision of financing services and trading of goods in Hong Kong and China and holds interests in a joint venture and associates. The Group, headquartered in Hong Kong, has office in Shanghai, Nanjing and Yancheng, forming a good client service network.

Core Business

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, China. Yancheng Goldbond offers short-term loan financing services, loan guarantee services, direct investment and other services approved by the provincial government, to small and medium-sized enterprises ("SMEs") and individuals in Yancheng.

In view of the slow-down of the economy in third-tier cities like Yancheng, the Group sought to regularly review and adjust its operating strategy. Over the past three years, the Group prudently promoted the small loan financing business among high quality customers to ensure that the newly released loans were more effectively safeguarded. As a result, the average interest rate of our loan portfolio and the revenue from the small loan financing business dropped. The income from small loan financing for the Year was HK$0.5 million. The Group decided to reduce the investment in the small loan financing and capital reduction of US$14.7 million has been completed. Financial resources have been diverted to other businesses with better growth potential, such as factoring.

– ***Loans to Rongzhong Group Limited ("Rongzhong Group") and Yong Hua International Ltd. ("Yong Hua")***

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. According to and subject to the terms of the shareholders' agreement of Rongzhong Group dated 26 October 2011 and the respective shareholders' resolutions in relation to the arrangement of subscription of additional shares in Rongzhong Group at subscription prices of HK$315.2 million and HK$128.8 million, respectively by Perfect Honour Limited ("Perfect Honour", a wholly-owned subsidiary of the Company) and Yong Hua ("Subscriptions"), part of the loan to Rongzhong Group ("RZG Loan") in the total sum of HK$444 million was assigned to Perfect Honour and Yong Hua to make up the Subscriptions. At the request of Yong Hua, the Group agreed to provide a loan facility ("Loan Facility") in the sum of HK$128.8 million to Yong Hua ("YH Loan") for the settlement of amount payable under the above-mentioned assignment of the RZG Loan to Yong Hua. Details of the Loan Facility were disclosed in the announcement of the Company dated 18 April 2016. The Loan Facility was drawn down by Yong Hua in April 2016, and the loan assignments and the Subscriptions were completed.

Upon completion of the Subscriptions, the carrying value of RZG Loan decreased to HK$44.4 million and such amount was fully impaired during the Year (2016: HK$483.2 million) as Rongzhong Group has a net liabilities of HK$193.0 million as at 31 March 2017 which indicates that its loan repayment ability has significantly declined.

Factoring

The Group established the factoring headquarters in Nanjing, Jiangsu Province, China in late 2014 with the approval from the Ministry of Commerce of China. The operating vehicle, Jiangsu Goldbond Factoring Co., Ltd., with a registered capital of RMB50 million, is authorised to offer factoring services including collection and management of account receivables and other related advisory services. The factoring business has achieved satisfactory growth and acquired account receivables of over RMB500 million since its commencement of business, with a focus on account receivables due by large state-owned enterprises or listed companies. The success of this strategy has been demonstrated by the ability to maintain healthy and strong asset quality.

During the Year, the factoring service segment realised revenue of HK$15.4 million (2016: HK$16.6 million). After two years of pilot run, the Board decided to allocate more resources to this segment in the coming years.

Trading

The Group commences trading of goods through the establishment of a wholly-owned subsidiary – Shanghai Goldbond Trading Company Limited ("Shanghai Goldbond") with an initial registered capital of RMB10 million.

During the Year, the trading segment realised revenue of HK$56.7 million (2016: nil). The revenue source of the Group now became more diversified and the Group has stronger capability to resist fluctuation in single product market. The Board expects that the Group's trading business will enable the Group to expand its business network and market reach which may bring synergy effect to the Group's other businesses e.g. factoring, expand its existing business portfolio, diversify the revenue streams and possibly enhance the Group's financial performance.

Investments

Interest in a joint venture: Rongzhong Group

Rongzhong Group and its subsidiaries ("Rongzhong Group Companies") are principally engaged in the 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. The business model of Rongzhong Group Companies is premised on the fact that SMEs are generally underserved by the banking industry because commercial banks in China have been reluctant to lend to SMEs without credit support, such as third-party guarantees, or adequate collateral of tangible assets. This has created opportunities for Rongzhong Group Companies to develop and expand their businesses over the last decade. A substantial amount of capital and ongoing funding are required to support the growth of the loan portfolio.

With the slowdown in economic growth in China, Rongzhong Group Companies, like many corporations in the industry, experience a significant increase in interest or principal payment defaults and extension applications by their customers. The quality of loan portfolio of Rongzhong Group Companies declined significantly in the Year. The impairment loss on accounts receivable and advances provided to customers of Rongzhong Group Companies amounted to HK$2,910.3 million in the Year, representing an increase of HK$2,657.3 million over previous year. The situation persisted and aggravated this Year mainly because certain of Rongzhong Group's selected customers ("Selected Customers", with loans balance of HK$3,415.7 million before impairment loss as at 31 March 2017), which had been an important growth driver for Rongzhong Group's financing business over the years, extended their repayment plans. Although the Selected Customers are still conducting normal business operations, impairment reviews still had to be carried out by Rongzhong Group as required by Hong Kong Accounting Standard 36 ("HKAS 36"). In accordance with HKAS 36, the amount of the impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of the loan which is more than 35% per annum for the loans to Selected Customers). In estimating the future cash flows for the loans made to the Selected Customers, the management of Rongzhong Group took into account, among others, the estimated market value of real estate assets held by the Selected Customers as valued by professional valuer of RMB3,380.9 million as at 30 September 2016. Significant lendings to the Selected Customers, coupled with expected delay in repayment and more importantly, high effective interest rate used in discounting estimated future cash flows resulted in the substantial impairment loss of HK$2,505.2 million recorded for the loans made to the Selected Customers for the Year. As a result of the above, Rongzhong Group incurred net loss attributable to the owners of the company of HK$2,494.8 million for the Year (2016: profit of HK$199.4 million) and the Group recorded a shared loss of HK$999.5 million of such loss for the Year (2016: share of profit of HK$77.0 million).

Rongzhong Group Companies obtained a substantial portion of funding from commercial banks. The Rongzhong Group Companies' total bank and other borrowings amounted to HK$1,440.6 million (2016: HK$1,339.2 million) of which HK$1,440.6 million (2016: HK$424.0 million) were classified as current liabilities. In view of the downturn in businesses and industries where the SME customers of Rongzhong Group Companies are engaged in and the increase in credit risks associated with the loan portfolio of Rongzhong Group Companies, existing and potential lenders are less willing to arrange for re-financing or new financing to Rongzhong Group Companies. Coupled with delinquent loan repayments by its customers as mentioned above, Rongzhong Group Companies were not able to effectively match the relative maturities of their advances provided to customers and borrowings from the commercial banks, which resulted in net liquidity shortfalls. As at 31 March 2017, bank and other borrowings of Rongzhong Group Companies in the amount of RMB185.5 million were overdue; and if the condition were to be identified as an act of default under the relevant cross-default terms contained in Rongzhong Group Companies other borrowing agreements, this situation would cause an aggregate of borrowings up to RMB1,096.6 million to become immediately repayable by Rongzhong Group Companies. However, the unrestricted cash and cash equivalents of Rongzhong Group Companies amounted to HK$2.9 million only as at 31 March 2017. Rongzhong Group Companies are facing the most difficult market conditions in recent years.

A series of steps have been taken by the management of Rongzhong Group to mitigate the liquidity pressure and improve the liquidity and financial position of Rongzhong Group Companies. The management of Rongzhong Group has negotiated with the relevant bank and other financial institution to refinance its existing debts, implemented more pro-active debt collecting measures and implemented certain cost-saving measures.

However, the auditor engaged by Rongzhong Group for the Year stated in the audit report of its consolidated financial statements that due to significance of the uncertainties associated with the going concern basis of preparation of the consolidated financial statements of Rongzhong Group, they do not express an opinion on the consolidated financial statements of the Rongzhong Group.

The Board considered that the operating environment for Rongzhong Group Companies is expected to remain difficult. On 31 March 2017, the Board carried out impairment review on the carrying amount of the Group's interest in the joint venture by comparing its recoverable amount estimated using value in use with its carrying amount. In determining the value in use of the investment, the Group estimated the present value of the estimated future cash flows expected to be generated by Rongzhong Group, including cash flows from the operations of the joint venture and estimated terminal value at a discount rate of 22.7% (2016: 18.6%) for Rongzhong Group. The Board has given careful consideration to, among others, the performance, deteriorating financial (including but not limited to net liabilities of HK$193.0 million) and liquidity condition of Rongzhong Group Companies and their available sources of financing in assessing the recoverable amount of the Group's interest in Rongzhong Group. Based on the assessment, the recoverable amount of the interest in the joint venture is lower than its carrying amount. Hence, an impairment, net of other gain, of HK$250.4 million on the interest in the joint venture was recognised as loss in the consolidated statement of profit or loss and other comprehensive income for the Year.

Interest in an associate: China Rongzhong Financial Holdings Company Limited ("China Rongzhong") (Stock Code: 03963)

China Rongzhong and its subsidiaries ("China Rongzhong 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, China, providing finance lease services to customers in various key industries in Hubei Province, including laser processing, plastics, industrial processing, textile and garments and hotel and leisure. On 28 January 2016, the shares of China Rongzhong were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Listing"). Upon Listing, the Group's interest in China Rongzhong has been diluted from 47.94% to 34.86% and China Rongzhong became an associate (previously a joint venture) of the Group.

The revenue of China Rongzhong Group for the Year was HK$183.7 million (2016: HK$205.0 million), which decreased by HK$21.3 million or 10% compared to previous period. This was mainly because of the decrease in interest-earning finance lease portfolio and the lower average interest rate for the new finance leases granted.

China Rongzhong Group experienced higher level of impairment loss on its finance lease receivables in the amount of HK$333.6 million for the Year (2016: HK$9.5 million) as the quality of its finance lease portfolio declined. As a result, China Rongzhong Group reported a net loss attributable to the owners of the company of HK$277.2 million. The Group's share of loss of China Rongzhong Group for the Year was HK$96.6 million (2016: share of profit of HK$23.2 million, of which HK$18.9 million was included in share of profit of joint ventures and HK$4.3 million was included in share of profit of associates).

The preliminary final result announcement of China Rongzhong Group is available for viewing and downloading from the website of the Stock Exchange at http://www.hkexnews.hk and the website of China Rongzhong at http://www.chinarzfh.com.

The Board considered that the operating environment for China Rongzhong Group is expected to remain challenging as the liquidity pressure on China Rongzhong Group will relieve only upon improvement in conditions in the markets where the SME customers of China Rongzhong Group operate. On 31 March 2017, the Board carried out an impairment review on the carrying amount of China Rongzhong by comparing the recoverable amount with the carrying amount of the investment in China Rongzhong. Fair value less costs of disposal, measured using the quoted price for China Rongzhong as at 31 March 2017, was used as the recoverable amount of the investment in China Rongzhong according to relevant accounting standard and as such amount is higher than the value in use of such investment (calculated based on the present value of the estimated future cash flows expected to be generated by the associate, including cash flows from the operations of the associate and estimated terminal value at a discount rate of 19.0% (2016: 18.5%)). Based on the assessment, the recoverable amount of China Rongzhong is lower than its carrying amount. Hence, an impairment loss of HK$20.7 million on the interest in China Rongzhong was recognised as loss in the consolidated statement of profit or loss and other comprehensive income for the Year.

OUTLOOK

Looking forward, there may still be in-depth adjustment in some of the sectors in China with low production efficiency and excess capacity. In view of the possible deterioration of economic environment in the short term, the Group will adhere to our strategy of proactively stay close to the market, timely adjust the business strategy and prudent management of credit risk so as to maintain stability. Given our solid financial position and diversified investment and loan portfolios, we are confident that we will be able to navigate through the near term uncertainties and grasp business development opportunities.

FINANCIAL REVIEW

Revenue

The Group realised revenue for the Year of HK$81.4 million, representing an increase of 68% from HK$48.4 million as recorded in the previous year. The increase was mainly contributed by the revenue derived from the newly commenced trading business of the Group of HK$56.7 million, partially offset by the decrease in revenue from the financing segment as (i) the Group prudently promoted lower margin loans among high quality customers for stable return and better safeguard of asset as the China economy slows down; and (ii) the carrying value of loans to Rongzhong Group significantly decreased from HK$483.2 million to HK$44.4 million with completion of the Subscriptions.

Staff costs

Staff costs of the Group amounted to HK$20.2 million, which decreased by HK$8.3 million or 29% compared to previous year. Such decrease is mainly attributable to the decrease in the year-end bonus by HK$6.3 million and the decrease in share option expenses by HK$2.0 million.

Other operating expenses

Other operating expenses were HK$13.1 million, which increased by HK$1.2 million or 10% compared to previous year. The increase in other operating expenses was mainly due to the increase in office rental expenses.

Impairment, net of other gain, on interest in a joint venture

On 31 March 2017, the Board carried out impairment review on the carrying amount of the Group's interest in the joint venture by comparing its recoverable amount using value in use with its carrying amount. In determining the value in use of the investment, the Group estimated the present value of the estimated future cash flows expected to be generated by Rongzhong Group, including cash flows from the operations of the joint venture and estimated terminal value at a discount rate of 22.7% (2016: 18.6%) for Rongzhong Group. Based on the assessment, the recoverable amount of the interest in the joint venture is lower than its carrying amount. Hence, an impairment, net of other gain, of HK$250.4 million, which represented the impairment loss of HK$428.0 million and gain arising from share subscription of HK$177.6 million, on the interest in the joint venture was recognised as loss in the consolidated statement of profit or loss and other comprehensive income for the Year.

Impairment loss on interest in an associate

On 31 March 2017, the Board also carried out impairment review on the carrying amount of China Rongzhong by comparing the recoverable amount with the carrying amount of the investment in China Rongzhong. Fair value less costs of disposal, measured using the quoted price for China Rongzhong as at 31 March 2017, was used as the recoverable amount of the investment in China Rongzhong according to relevant accounting standard and as such amount is higher than the value in use of such investment (calculated based on the present value of the estimated future cash flows expected to be generated by the associate, including cash flows from the operations of the associate and estimated terminal value at a discount rate of 19.0% (2016: 18.5%)). Based on the assessment, the recoverable amount of China Rongzhong is lower than its carrying amount. Hence, an impairment loss of HK$20.7 million on the interest in China Rongzhong was recognised as loss in the consolidated statement of profit or loss and other comprehensive income for the Year.

Change in fair values of financial liabilities

The change in fair values of financial liabilities under the respective shareholders' agreements of Rongzhong Group and Rongzhong Capital Holdings Limited dated 26 October 2011 for the previous year brought negative financial impact of HK$31.8 million to the Group's financial performance. Such financial liabilities were settled with the lapse of options and fulfillment of undertakings under the shareholders' agreements.

Direct finance costs

No direct finance cost was incurred during the Year (2016: HK$1.3 million) as all bank loans has been fully repaid.

Share of (loss) profit of a joint venture

Share of loss of a joint venture – Rongzhong Group for the Year amounted to HK$999.5 million (2016: share of profit HK$95.9 million). Significant loss of Rongzhong Group was mainly attributed to the impairment allowances on accounts receivable and advances provided to customers of HK$2,910.3 million for the Year.

In the previous year, share of profit of joint ventures composed of share of profit of Rongzhong Group and share of profit of China Rongzhong Group prior to the Listing.

Share of (loss) profit of associates

Share of loss of associates mainly composed of the share of loss of China Rongzhong Group of HK$96.6 million (2016: share of profit HK$4.3 million) and the share of the expenses of a manager of real estate fund of HK$0.7 million (2016: HK$0.8 million).

(Loss) profit for the Year attributable to the owners of the company

Based on the above discussion and analysis, together with impairment loss on loan to a joint venture, loss for the Year attributable to the owners of the Company was HK$1,422.8 million (2016: profit of HK$124.5 million).

Other comprehensive expenses for the Year

Other comprehensive expenses for the Year were HK$119.3 million (2016: HK$103.4 million). The consolidated financial statements of the Group, its joint venture and associate 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 Year, the Group, the joint venture and the associate recognised an exchange loss arising on translation to presentation currency of HK$38.3 million, HK$61.0 million and HK$20.0 million, respectively.

Liquidity, financial resources and capital structure

The Group always seeks to maintain healthy liquid position and sufficient capital for business development. The Group generally finances its operations through its internal resources. As at 31 March 2017, the aggregate sum of cash, bank balances and short term bank deposits amounted to HK$274.3 million (2016: HK$323.6 million) and there was no bank borrowing. The working capital (current assets less current liabilities) and the total equity of the Group were HK$410.2 million (2016: HK$626.1 million) and HK$745.3 million (2016: HK$2,324.6 million) respectively. No gearing ratio was calculated as the Group had no debt as at 31 March 2017.

KEY FINANCIAL RATIO

Net asset value per share

	2017	**2016**
Net asset value per share (HK cents)	**27.0**	84.2

The consolidated financial statements of the Group and its joint venture and associate are presented in Hong Kong dollar while the functional currency is RMB. The decrease in the net asset value per share in the Year was mainly contributed by share of losses of Rongzhong Group and China Rongzhong, impairment, net of other gain, on interest in Rongzhong Group, impairment loss on interest in China Rongzhong and 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, its joint venture and associate.

Charges on group assets

As at 31 March 2017, there was no charge on the Group's assets.

Contingent liabilities

As at 31 March 2017, there was no contingent liability.

Employees and remuneration policy

As at 31 March 2017, 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.

Dividend

The Board did not recommend the payment of dividend for the Year (2016: HK1.5 cents per share).

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

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the Year.

REVIEW OF 2016/17 CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company reviewed the consolidated financial statements of the Group for the Year.

CORPORATE GOVERNANCE

Save as disclosed below, the Company has applied the principles and complied with all code provisions of the Corporate Governance Code ("CG Code") during the Year as set out in Appendix 14 to the Listing Rules. In respect of code provision E.1.2 of the CG Code, the Company's Chairman was unable to attend the annual general meeting of the Company held on 22 August 2016 due to health reason.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. The Company, having made specific enquiry of all Directors, confirmed that all Directors have complied with the required standard of dealings set out therein throughout the Year.

ANNUAL GENERAL MEETING

The 2017 AGM will be held on Friday, 15 September 2017. The notice of the 2017 AGM will be published on the websites of the Stock Exchange and the Company and sent to the shareholders of the Company (the "Shareholders"), together with the Company's 2016/17 Annual Report, in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining Shareholders' eligibility to attend and vote at the 2017 AGM, the register of members of the Company will be closed as set out below:

For determining Shareholders' eligibility to attend and vote at 2017 AGM:

Latest time to lodge transfer documents for registration	4:30 p.m. on Monday, 11 September 2017
Closure of register of members	Tuesday, 12 September 2017 to Friday, 15 September 2017 (both dates inclusive)
Record date	Friday, 15 September 2017

During the above closure period, no transfer of shares will be registered. To be eligible to attend and vote at the 2017 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than the aforementioned latest time.

By order of the Board
Goldbond Group Holdings Limited
Kelly Li
Company Secretary

Hong Kong, 30 June 2017

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 GBS JP, Mr. Cheng Yuk Wo and Mr. Ng Chi Keung MH (all being independent non-executive directors of the Company).