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 2017

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 2017 (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 2017 to 30 September 2017 *HK$'000* **(Unaudited)**	1 April 2016 to 30 September 2016 *HK$'000* (Unaudited)
OPERATING RESULTS		
Revenue	**89,460**	13,998
Loss for the period	**(97,650)**	(786,027)
Loss for the period attributable to owners of the Company	**(97,650)**	(786,027)
Total comprehensive expense for the period attributable to owners of the Company	**(53,241)**	(852,558)
Basic loss per share	**HK(3.54) cents**	HK(28.46) cents

FINANCIAL POSITION

	30 September 2017 *HK$'000* **(Unaudited)**	31 March 2017 *HK$'000* (Audited)
Equity attributable to owners of the Company	**693,656**	745,254

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2017

	Notes	**1 April 2017 to 30 September 2017** *HK$'000* **(Unaudited)**	1 April 2016 to 30 September 2016 *HK$'000* (Unaudited)
Revenue	3	**89,460**	13,998
Other income		**3,939**	7,442
Cost of sales of trading business		**(79,738)**	–
Staff costs		**(8,370)**	(9,662)
Other operating expenses		**(24,710)**	(6,162)
Impairment, net of other gain, on interest in a joint venture		**–**	(57,243)
Impairment loss on interest in an associate		**(7,170)**	(21,496)
Finance costs		**(401)**	(349)
Share of loss of a joint venture		**(2,895)**	(723,852)
Share of (loss) profit of associates		**(66,319)**	13,302
Loss before taxation	4	**(96,204)**	(784,022)
Taxation	5	**(1,446)**	(2,005)
Loss for the period		**(97,650)**	(786,027)
Other comprehensive income (expenses):			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency attributable to:			
The Group		**32,747**	(13,111)
A joint venture		**326**	(43,967)
An associate		**11,336**	(9,453)
Other comprehensive income (expenses) for the period		**44,409**	(66,531)
Total comprehensive expense for the period		**(53,241)**	(852,558)
Loss for the period attributable to owners of the Company		**(97,650)**	(786,027)
Total comprehensive expense for the period attributable to owners of the Company		**(53,241)**	(852,558)
Loss per share	7		
– Basic and diluted		**HK(3.54) cents**	HK(28.46) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Notes	30 September 2017 HK$'000 (Unaudited)	31 March 2017 HK$'000 (Audited)
Non-current assets			
Equipment		**1,501**	2,187
Interest in a joint venture		**–**	2,569
Interests in associates		**127,176**	185,526
Loan to an associate		**1,470**	1,470
Advances provided to customers	9	**134,256**	132,319
Club debentures		**17,530**	16,545
		281,933	340,616
Current assets			
Accounts receivable	8	**36,494**	14,955
Advances provided to customers	9	**126,573**	143,953
Prepayments, deposits and other receivables		**3,051**	1,912
Structured deposits		**94,690**	14,921
Security deposit		**12**	–
Short term bank deposits			
– with original maturity within three months		**115,485**	234,877
– with original maturity more than three months		**126,174**	19,101
Bank balances and cash		**38,388**	20,324
		540,867	450,043
Current liabilities			
Bills and other payables	10	**119,373**	36,371
Taxation		**3,820**	3,484
		123,193	39,855
Net current assets		**417,674**	410,188
Total assets less current liabilities		**699,607**	750,804
Capital and reserves			
Share capital		**829,209**	829,209
Reserves		**(135,553)**	(83,955)
Total equity		**693,656**	745,254
Non-current liability			
Redeemable convertible preference shares		**5,951**	5,550
		699,607	750,804

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 financial information relating to the year ended 31 March 2017 that is included in the condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year 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 Hong Kong Companies Ordinance is as follows:

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2017 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2017.

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

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets on unrealised losses
Amendments to HKFRS 12	As part of the annual improvements to HKFRSs 2014–2016 cycle

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

Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 March 2018.

3. SEGMENT INFORMATION

The Group's operating segments, identified on the basis of internal reports about components of the Group that are regularly reviewed by the 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) factoring service segment: provision of factoring services; and

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

During the year ended 31 March 2017, the operating segments of the Group as reviewed by the CODM have changed, in which 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 services through an associate (previously presented as financial leasing service segment) have been excluded from the reportable and operating segments. The comparative figures for the six months ended 30 September 2016 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 six months ended 30 September 2017

	Trading *HK$'000* **(Unaudited)**	**Factoring service** *HK$'000* **(Unaudited)**	**Financing service** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Revenue from customers	**79,877**	**7,646**	**1,937**	**89,460**
Segment results	**878**	**6,389**	**203**	**7,470**
Unallocated other income				**2,634**
Impairment loss on interest in an associate				**(7,170)**
Central administration costs				**(12,169)**
Net exchange loss				**(17,354)**
Finance costs				**(401)**
Share of loss of a joint venture				**(2,895)**
Share of loss of associates				**(66,319)**
Loss before taxation				**(96,204)**

For the six months ended 30 September 2016

	Factoring service *HK$'000* (Unaudited)	Financing service *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Revenue from customers	8,525	5,473	13,998
Segment results	7,169	5,078	12,247
Unallocated other income			5,004
Impairment, net of other gain, on interest in a joint venture			(57,243)
Impairment loss on interest in an associate			(21,496)
Central administration costs			(13,589)
Net exchange gain			1,954
Finance costs			(349)
Share of loss of a joint venture			(723,852)
Share of profit of associates			13,302
Loss before taxation			(784,022)

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 interest income from bank deposits), net exchange (loss) gain, finance costs, share of loss of a joint venture and share of (loss) profit of associates. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

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

As at 30 September 2017

	Trading ***HK$'000*** **(Unaudited)**	**Factoring service** ***HK$'000*** **(Unaudited)**	**Financing service** ***HK$'000*** **(Unaudited)**	**Total** ***HK$'000*** **(Unaudited)**
Assets				
Segment assets	**135,799**	**127,235**	**134,532**	**397,566**
Interests in associates				**127,176**
Loan to an associate				**1,470**
Unallocated assets				**296,588**
Total assets				**822,800**
Liabilities				
Segment liabilities	**97,745**	**662**	**134**	**98,541**
Unallocated liabilities				**30,603**
Total liabilities				**129,144**

As at 31 March 2017

	Trading *HK$'000* (Audited)	Factoring service *HK$'000* (Audited)	Financing service *HK$'000* (Audited)	Total *HK$'000* (Audited)
Assets				
Segment assets	30,024	143,462	133,792	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	318	149	15,401
Unallocated liabilities				30,004
Total liabilities				45,405

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, part of 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, redeemable convertible preference shares and certain corporate liabilities incurred for central administrative purpose.

Geographical information

Revenue reported above represents income generated from external customers located in the People's Republic of China ("China") of HK$87,523,000 (HK$8,984,000 for the six months ended 30 September 2016), income generated from external customers located outside China of HK$1,937,000 (HK$1,636,000 for the six months ended 30 September 2016) and income generated from a joint venture in China of nil (HK$3,378,000 for the six months ended 30 September 2016).

4. LOSS BEFORE TAXATION

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

	1 April 2017 to 30 September 2017 *HK$'000* **(Unaudited)**	1 April 2016 to 30 September 2016 *HK$'000* (Unaudited)
Impairment loss (reversal of impairment loss) on advances provided to customers	**1,091**	(2)
Imputed interest on redeemable convertible preference shares	**401**	349
Depreciation of equipment	**748**	925
Operating lease rentals in respect of properties	**2,980**	2,636
Net exchange loss (gain)	**17,354**	(1,954)
Loss on disposal of equipment	**–**	1
Interest income from bank deposits and structured deposits	**(3,808)**	(5,004)

5. TAXATION

	1 April 2017 to 30 September 2017 *HK$'000* **(Unaudited)**	1 April 2016 to 30 September 2016 *HK$'000* (Unaudited)
The charge comprises:		
Current tax		
Enterprise Income Tax in China		
– Provision for the current period	**1,446**	2,004
Deferred taxation	**–**	1
	1,446	2,005

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 rate of 25% during both periods.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the subsidiaries in China from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of the temporary differences attributable to the accumulated profits of the subsidiaries in China amounting to HK$25,696,000 (31 March 2017: HK$19,675,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

6. DIVIDENDS

	1 April 2017 to 30 September 2017	1 April 2016 to 30 September 2016
	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 2016	**–**	41,429

The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2017 (nil for the six months ended 30 September 2016).

7. LOSS PER SHARE

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

	1 April 2017 to 30 September 2017	1 April 2016 to 30 September 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss:		
Loss for the purposes of basic and diluted loss per share (loss for the period attributable to owners of the Company)	**(97,650)**	(786,027)
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,761,913**	2,761,913
Effect of dilutive potential ordinary shares:		
Share options *(Note)*	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**2,761,913**	2,761,913

Note: The computation of diluted loss per share for both periods 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 period.

8. ACCOUNTS RECEIVABLE

The Group normally allows credit period for trade customers of 60 days. The accounts 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 accounts 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.

9. ADVANCES PROVIDED TO CUSTOMERS

	30 September 2017	31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Advances provided to customers	**317,096**	328,348
Less: Impairment allowances	**(56,267)**	(52,076)
	260,829	276,272
Less: Amounts shown under current assets	**(126,573)**	(143,953)
Amount due after one year	**134,256**	132,319

As at 30 September 2017, the advances provided to customers, which bore fixed interest at a rate of not more than 16.8% (31 March 2017: 16.8%) per annum, were repayable according to the terms stipulated in the respective loan agreements and factoring facility agreements. Included in the balances, an aggregate amount of HK$260,829,000 (31 March 2017: HK$275,242,000) was secured by assets such as accounts receivable and a fixed and floating charge executed by a private entity in the British Virgin Islands where applicable.

10. BILLS AND OTHER PAYABLES

	30 September 2017	31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bills payable	**97,726**	14,921
Other payables	**21,647**	21,450
	119,373	36,371

As at 30 September 2017, bills payable were secured by certain assets as disclosed in Note 11. The credit period on purchases of goods is 6 months. The bills payable 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.

11. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure the bills payable as disclosed in Note 10:

	30 September 2017	31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Structured deposits	**83,976**	14,921
Security deposit	**12**	–
Short term bank deposit with original maturity more than three months	**14,286**	–
	98,274	14,921

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend in respect of the results for the Period (corresponding period in 2016: nil).

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 adjusted 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. The revenue from the small loan financing business further dropped as no new small loan financing agreements have been concluded during the Period. 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 and trading.

– *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 ended 31 March 2017 as the loan repayment ability of Rongzhong Group 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 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. Therefore, the Board is considering to allocate more resources to this segment in the coming years.

During the Period, the factoring service segment realised revenue of HK$7.6 million (corresponding period in 2016: HK$8.5 million). The segment result for the factoring service amounted to HK$6.4 million (corresponding period in 2016: HK$7.2 million). For details of operating segment information, please refer to Note 3.

Trading

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

The Group's products traded are mainly chemical products which are essential to the manufacturing of polyester fibers and for antifreeze formulations. There was a significant customer concentration for the Group's trading business, and the largest customer of the trading business amounted to approximately 89% of the total revenue of the Group for the Period. The Group seeks to minimise credit risk by assigning a maximum credit limit for each customer and maintain strict control over its outstanding receivables. During the Period, the trading segment realised revenue of HK$79.9 million (corresponding period in 2016: nil), and the segment result for the trading business was HK$0.8 million (corresponding period in 2016: nil). For details of operating segment information, please refer to Note 3. The revenue source of the Group became more diversified. In view of satisfactory growth of the trading business, and strong and stable business relationship with the largest customer, more resources were allocated to this segment and the credit limit of the largest customer was just adjusted upward to approximately RMB65 million.

The Group will continue to develop the trading business of the Company, and will look for potential business partners and/or customers for trading of other products and commodities in the context of diversification. 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 and support the Company's growth in a longer run.

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.

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 significantly declined. The impairment loss on accounts receivable and advances provided to customers of Rongzhong Group Companies amounted to HK$618.3 million for the Period (corresponding period in 2016: HK$2,447.9 million). As a result of the above, Rongzhong Group incurred net loss attributable to the owners of the company of HK$632.3 million for the Period (corresponding period in 2016: HK$1,806.2 million). The Group's share of loss of a joint venture was HK$252.9 million (HK$723.9 million for the six months ended 30 September 2016) of which HK$2.9 million (HK$723.9 million for the six months ended 30 September 2016) was recognised in the condensed consolidated statement of profit or loss for the period. Share of loss of joint venture amounting to HK$250.0 million (Nil for the six months ended 30 September 2016) was not recognised by the Group as such loss exceeded the Group's interest in the joint venture. The carrying amount of the Group's interest in Rongzhong Group Companies was zero as at 30 September 2017.

The performance of Rongzhong Group Companies deteriorated recently partly because certain of Rongzhong Group's selected customers ("Selected Customers", with loans balance of HK$3,580.3 million and HK$1,171.5 million before and after impairment loss, respectively as at 30 September 2017), which had been an important component 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 RMB3,424.4 million as at 30 September 2017. 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 recorded for the loans made to the Selected Customers for the year ended 31 March 2017. As at 30 September 2017, the loan balance of Selected Customers after impairment loss of HK$1,171.5 million represented approximately 78% of the total assets of Rongzhong Group Companies, and therefore, the recovery of these loans is vital to the future performance of Rongzhong Group Companies.

Rongzhong Group Companies obtained a substantial portion of funding from commercial banks. The Rongzhong Group Companies' total bank and other borrowings amounted to HK$1,516.0 million (31 March 2017: HK$1,440.6 million). In view of the downturn in businesses and industries where the SME customers of Rongzhong Group Companies are engaged in, the increase in credit risks associated with the loan portfolio of Rongzhong Group Companies and the deteriorated financial condition of Rongzhong Group Companies (with net current liabilities of HK$564.6 million and net liabilities of HK$836.3 million), 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.

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 certain cost-saving measures.

The Board considered that the operating environment for Rongzhong Group Companies is expected to remain extremely difficult as the liquidity pressure on Rongzhong Group Companies will relieve only upon improvement in conditions in the markets where the SME customers of Rongzhong Group Companies operate and the recovery of loans to Selected Customers.

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"), which provides finance lease services to customers in various key industries in Hubei Province. 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 Period was HK$68.8 million (corresponding period in 2016: HK$103.4 million), which decreased by HK$34.6 million or 33% compared to previous period. This was mainly the result of the decrease in interest-earning finance lease portfolio.

China Rongzhong Group experienced higher level of impairment loss on its finance lease receivables in the amount of HK$216.0 million for the Period (corresponding period in 2016: HK$8.4 million) as the quality of its finance lease portfolio declined and the majority of its finance lease receivables were past due. As a result, China Rongzhong Group reported a net loss attributable to the owners of the company of HK$189.3 million. The Group's share of loss of China Rongzhong Group for the Period was HK$66.0 million (corresponding period in 2016: share of profit of HK$13.6 million).

The preliminary interim 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. 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 listed shares on Hong Kong Exchanges and Clearing Limited as at 29 September 2017, was approximately HK$123.7 million (31 March 2017: HK$185.5 million). In determining the value in use of the investment, the Group estimated its share of 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 the proceeds on the ultimate disposal of the investment, calculated at a discount rate of 20.7% (31 March 2017: 19.0%). Based on the assessment, the recoverable amount of China Rongzhong based on fair value less costs of disposal amounted to HK$123.7 million (31 March 2017: HK$185.5 million) is lower than its carrying amount. Hence, an impairment loss of HK$7.2 million (corresponding period in 2016: HK$21.5 million) on the interests in China Rongzhong was recognised in profit or loss in the condensed consolidated statement of profit or loss and other comprehensive income for the Period.

As at 29 November 2017, market value of the Group's listed investments in China Rongzhong, based on quoted market price was approximately HK$123.7 million.

Interest in an associate: Goldbond Capital Investments Limited and Allied Golden Capital Fund I (Cayman) Company Limited

In order to capture and benefit from the opportunities in the real estate markets in the developed countries and leverage on the Board's expertise, the Group participates in a real estate fund and holds a significant interest in the manager of such fund (details as disclosed in the circular of the Company dated 23 June 2015). The manager has successfully completed the first real estate investment in California of the United States in June 2017. It was expected that the income source of the Group will become more diversified and the Group has stronger capability to resist fluctuation in single product market.

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 Period of HK$89.5 million, representing an increase of HK$75.5 million as compared to previous Period. The increase was mainly contributed by the revenue derived from the trading business of the Group of HK$79.9 million (corresponding period in 2016: Nil), partially offset by the decrease in revenue from the financing segment.

Staff costs

Staff costs of the Group amounted to HK$8.4 million, which decreased by HK$1.3 million or 13% compared to previous period. Such decrease is mainly attributable to the decrease in share option expenses.

Other operating expenses

Other operating expenses were HK$24.7 million, which increased by HK$18.5 million or 301% compared to previous period. The increase in other operating expenses was mainly due to the increase in net exchange loss by HK$17.4 million due to the depreciation of Hong Kong dollar against RMB and the increase in impairment loss on advances provided to customers by HK$1.1 million.

Impairment loss on interest in an associate

The Board carried out impairment review on the carrying amount of the investment in China Rongzhong as at 30 September 2017 by comparing the recoverable amount estimated using the higher of fair value less costs of disposal and value in use with the carrying amount of the investment in China Rongzhong. Fair value less costs of disposal, measured using the quoted price for China Rongzhong listed shares on Hong Kong Exchanges and Clearing Limited as at 29 September 2017, was approximately HK$123.7 million (31 March 2017: HK$185.5 million). In determining the value in use of the investment, the Group estimated its share of 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 proceeds on the ultimate disposal of the investment, calculated at a discount rate of 20.7% (31 March 2017: 19.0%). Based on the assessment, the recoverable amount of China Rongzhong based on fair value less costs of disposal amounted to HK$123.7 million (31 March 2017: HK$185.5 million) is lower than its carrying amount. Hence, an impairment loss of HK$7.2 million (corresponding period in 2016: HK$21.5 million) on the interests in China Rongzhong was recognised in profit or loss in the condensed consolidated statement of profit or loss and other comprehensive income for the Period.

Share of loss of a joint venture

Share of loss of a joint venture – Rongzhong Group for the Period amounted to HK$2.9 million (corresponding period in 2016: HK$723.9 million). Loss of Rongzhong Group was mainly attributed to the impairment allowances on accounts receivable and advances provided to customers of HK$618.3 million for the Period (corresponding period in 2016: HK$2,447.9 million).

Share of (loss) profit of associates

Share of loss of associates mainly composed of the share of loss of China Rongzhong of HK$66.0 million (corresponding period in 2016: share of profit HK$13.6 million) and the share of loss of a manager of real estate fund of HK$0.3 million (corresponding period in 2016: HK$0.3 million).

Loss for the Period attributable to owners of the Company

Based on the above discussion and analysis, loss for the Period attributable to owners of the Company was HK$97.7 million (corresponding period in 2016: HK$786.0 million).

Other comprehensive income (expenses) for the Period

Other comprehensive income for the Period represented exchange differences arising on translation to presentation currency of HK$44.4 million (corresponding period in 2016: other comprehensive expenses of HK$66.5 million).

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 30 September 2017, the aggregate sum of cash, bank balances and short term bank deposits amounted to HK$280.0 million (31 March 2017: HK$274.3 mililion) and there was no bank borrowing. The working capital (current assets less current liabilities) and the total equity of the Group were HK$417.7 million (31 March 2017: HK$410.2 million) and HK$693.7 million (31 March 2017: HK$745.3 million) respectively. No gearing ratio was calculated as the Group had no debt as at 30 September 2017.

KEY FINANCIAL RATIO

Net asset value per share

	30 September 2017	31 March 2017
Net asset value per share (HK cents)	**25.1**	27.0

The decrease in the net asset value per share in the Period was mainly contributed by share of loss of China Rongzhong and partially offset by other comprehensive income (exchange differences arising from translation to presentation currency).

Charges on group assets

As at 30 September 2017, structured deposits of HK$84.0 million, security deposit of HK$0.01 million and short term bank deposit with original maturity more than three months of HK$14.3 million were pledged for the bills payable of the Group.

Contingent liabilities

As at 30 September 2017, there was no contingent liability.

Employees and remuneration policy

As at 30 September 2017, the Group had 34 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.

CORPORATE GOVERNANCE CODE

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

Pursuant to Code E.1.2 of the CG Code, the chairman should attend the annual general meeting of the Company ("AGM"). The Company's Chairman was absent from the AGM held on 15 September 2017 due to health reason.

AUDIT COMMITTEE

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

CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transaction by the Directors. Having made specific enquiry to all Directors (other than the Chairman who is ill), they confirmed that they had fully complied with the Model Code throughout the Period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

PUBLICATION OF FURTHER INFORMATION

The 2017/18 Interim Report of the Company containing all information required by the Listing Rules will be published on the respective websites of the Company and the Stock Exchange in due course.

DIRECTORS

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

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

Hong Kong, 29 November 2017