



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

Interim Report
2017/18



(A company incorporated in Hong Kong with limited liability)
Stock Code: 00172



This interim report is printed on environmentally friendly paper

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Jun (*Chairman*)
Mr. Wong Yu Lung, Charles (*Deputy Chairman*)
Mr. Ding Chung Keung, Vincent (*Chief Executive Officer*)
Ms. Wong, Michelle Yatyee

Independent non-executive Directors

Mr. Ma Ho Fai GBS JP
Mr. Cheng Yuk Wo
Mr. Ng Chi Keung MH

AUDIT COMMITTEE

Mr. Cheng Yuk Wo (*Chairman*)
Mr. Ma Ho Fai GBS JP
Mr. Ng Chi Keung MH

REMUNERATION COMMITTEE

Mr. Cheng Yuk Wo (*Chairman*)
Mr. Ma Ho Fai GBS JP
Mr. Ding Chung Keung, Vincent

NOMINATION COMMITTEE

Mr. Ng Chi Keung MH (*Chairman*)
Mr. Cheng Yuk Wo
Mr. Ding Chung Keung, Vincent

SECRETARY

Ms. Li Yu Lian, Kelly

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

STOCK CODE

00172

REGISTERED OFFICE

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89 Queensway
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–16
17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISER

Lu, Lai & Li

PRINCIPAL BANKERS

Bank of Communications Co., Ltd., Hong Kong Branch
China Construction Bank (Asia) Corporation Limited
China CITIC Bank International Limited
China Everbright Bank Co., Ltd., Hong Kong Branch
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

WEBSITES

<http://www.goldbondgroup.com>
<http://www.irasia.com/listco/hk/goldbondgroup/>

Management Discussion and Analysis

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend in respect of the results for the period ended 30 September 2017 (the “Period”) (corresponding period in 2016: nil).

BUSINESS REVIEW

Goldbond Group Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) is principally engaged in the provision of financing services and trading of goods in Hong Kong and the People’s Republic of China (“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.

Management Discussion and Analysis

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 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 proactive 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.

Management Discussion and Analysis

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 interim report 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 estimated terminal value, 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.

Management Discussion and Analysis

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 the estimated terminal value, 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).

Management Discussion and Analysis

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 million) 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

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

In the opinion of the Board, the Company complied with the code provisions and, where applicable, the recommended best practices of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the Period except for code provision E.1.2 of the CG Code, which requires the chairman of the board to attend the annual general meeting (“AGM”). The Chairman of the Board (the “Chairman”), was absent from the Company’s AGM held on 15 September 2017 due to health reason. The Deputy Chairman, the Chief Executive Officer and other Directors, together with the respective chairmen/members of the audit, nomination, remuneration committees, were available to answer the shareholders’ questions regarding the activities of the Group and various committees.

BOARD COMPOSITION AND BOARD PRACTICES

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders’ value. The Board consists of a total of seven Directors, comprising four Executive Directors, and three Independent Non-executive Directors. At least one-third of the Board are Independent Non-executive Directors of which more than one have appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. All Directors (including Independent Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company’s Articles of Association and the CG Code.

The positions of the Chairman and the Chief Executive Officer are currently held by separate individuals with a view to maintaining an effective segregation of duties respecting management of the Board and the day-to-day management of the Group’s business. Throughout the Period, the Chairman was ill. In the absence of the Chairman, the Deputy Chairman performed his role and presided at the meetings of the Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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.

The Group’s interim report for the six months ended 30 September, 2017 has been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Company established its remuneration committee (the “Remuneration Committee”) in March 2005 with a majority of the members thereof being Independent Non-executive Directors. The Remuneration Committee comprises two Independent Non-executive Directors, namely, Mr. Cheng Yuk Wo (Chairman of the Remuneration Committee) and Mr. Ma Ho Fai GBS JP, and one Executive Director, Mr. Ding Chung Keung, Vincent.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company’s policy and structure for the remuneration of Directors and the senior management, and reviewing the remuneration packages of all Executive Directors and the senior management with reference to the corporate goals and objectives of the Board resolved from time to time.

NOMINATION COMMITTEE

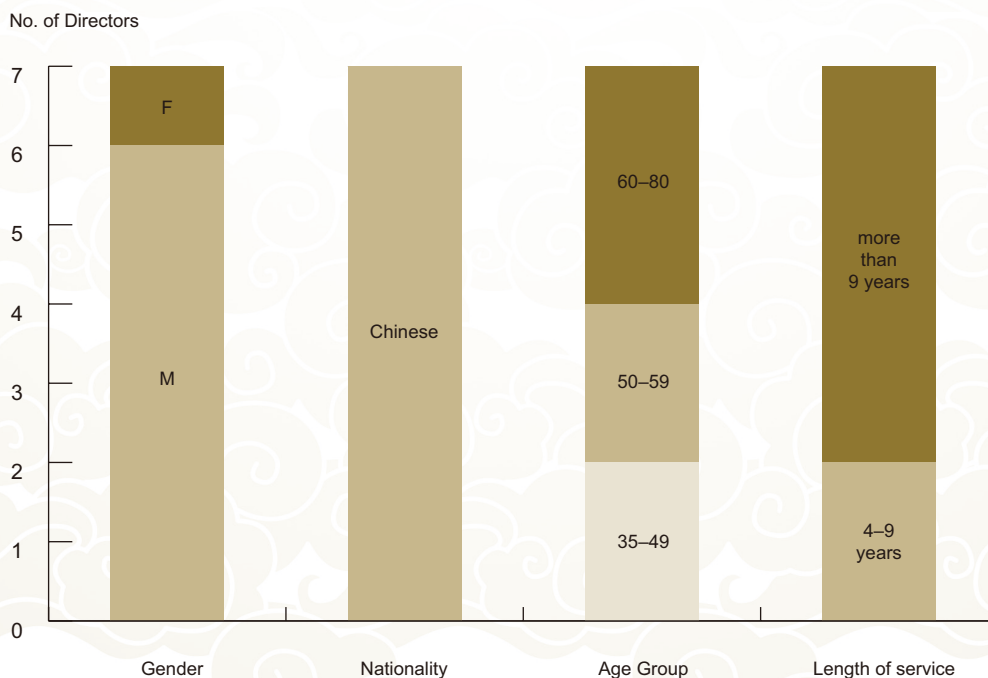
In compliance with the CG Code, the Company established its nomination committee (the “Nomination Committee”) in March 2012 with a majority of the members thereof being Independent Non-executive Directors. The Nomination Committee comprises two Independent Non-executive Directors, namely, Mr. Ng Chi Keung MH (Chairman of the Nomination Committee) and Mr. Cheng Yuk Wo, and one Executive Director, Mr. Ding Chung Keung, Vincent.

The primary objectives of the Nomination Committee are to review the size, structure and composition of the Board, identify suitably qualified individual for appointment to the Board, assess the independence of independent non-executive Directors and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy on 1 September 2013 which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.



Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF GOLDBOND GROUP HOLDINGS LIMITED

Introduction

We have reviewed the condensed consolidated financial statements of Goldbond Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 11 to 30, which comprise the condensed consolidated statement of financial position as of 30 September 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 November 2017

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2017

	Notes	1.4.2017 to 30.9.2017 HK\$'000 (Unaudited)	1.4.2016 to 30.9.2016 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	9	–	(57,243)
Impairment loss on interest in an associate	10	(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	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 HK\$'000 (Audited)
Non-current assets			
Equipment	8	1,501	2,187
Interest in a joint venture	9	–	2,569
Interests in associates	10	127,176	185,526
Loan to an associate	10	1,470	1,470
Advances provided to customers	12	134,256	132,319
Club debentures		17,530	16,545
		281,933	340,616
Current assets			
Accounts receivable	11	36,494	14,955
Advances provided to customers	12	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	13	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	14	829,209	829,209
Reserves		(135,553)	(83,955)
Total equity		693,656	745,254
Non-current liability			
Redeemable convertible preference shares	15	5,951	5,550
		699,607	750,804

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2017

	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000	Investment revaluation reserve HK\$'000	Employee share-based compensation reserve HK\$'000	General reserve HK\$'000	Statutory surplus reserve HK\$'000 (Note)	Translation reserve HK\$'000	Retained profits (accumulated losses) HK\$'000	
At 1 April 2016 (audited)	829,209	3,000	66,556	6,000	1,605	43,522	1,374,696	2,324,588
Loss for the year	-	-	-	-	-	-	(1,422,818)	(1,422,818)
Exchange differences arising on translation to presentation currency attributable to:								
The Group	-	-	-	-	-	(38,362)	-	(38,362)
A joint venture	-	-	-	-	-	(60,983)	-	(60,983)
An associate	-	-	-	-	-	(19,952)	-	(19,952)
Total comprehensive expense for the year	-	-	-	-	-	(119,297)	(1,422,818)	(1,542,115)
Dividends recognised as distribution (Note 6)	-	-	-	-	-	-	(41,429)	(41,429)
Lapse of share options	-	-	(1,979)	-	-	-	1,979	-
Realisation of reserve upon disposal of subsidiaries	-	-	-	-	-	(780)	780	-
Recognition of equity-settled share-based payments	-	-	4,210	-	-	-	-	4,210
Transferred to statutory surplus reserve	-	-	-	-	728	-	(728)	-
At 31 March 2017 (audited)	829,209	3,000	68,787	6,000	2,333	(76,555)	(87,520)	745,254
Loss for the period	-	-	-	-	-	-	(97,650)	(97,650)
Exchange differences arising on translation to presentation currency attributable to:								
The Group	-	-	-	-	-	32,747	-	32,747
A joint venture	-	-	-	-	-	326	-	326
An associate	-	-	-	-	-	11,336	-	11,336
Total comprehensive income (expense) for the period	-	-	-	-	-	44,409	(97,650)	(53,241)
Expiry of share options	-	-	(33,436)	-	-	-	33,436	-
Lapse of share options	-	-	(122)	-	-	-	122	-
Recognition of equity-settled share-based payments (Note 16)	-	-	1,643	-	-	-	-	1,643
At 30 September 2017 (unaudited)	829,209	3,000	36,872	6,000	2,333	(32,146)	(151,612)	693,656

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2017

	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000	Investment revaluation reserve HK\$'000	Employee share-based compensation reserve HK\$'000	General reserve HK\$'000	Statutory surplus reserve HK\$'000 (Note)	Translation reserve HK\$'000	Retained profits (accumulated losses) HK\$'000	
At 1 April 2016 (audited)	829,209	3,000	66,556	6,000	1,605	43,522	1,374,696	2,324,588
Loss for the period	-	-	-	-	-	-	(786,027)	(786,027)
Exchange differences arising on translation to presentation currency attributable to:								
The Group	-	-	-	-	-	(13,111)	-	(13,111)
A joint venture	-	-	-	-	-	(43,967)	-	(43,967)
An associate	-	-	-	-	-	(9,453)	-	(9,453)
Total comprehensive expense for the period	-	-	-	-	-	(66,531)	(786,027)	(852,558)
Dividends recognised as distribution (Note 6)	-	-	-	-	-	-	(41,429)	(41,429)
Realisation of reserve upon disposal of subsidiaries	-	-	-	-	-	(780)	780	-
Recognition of equity-settled share-based payments (Note 16)	-	-	2,975	-	-	-	-	2,975
At 30 September 2016 (unaudited)	829,209	3,000	69,531	6,000	1,605	(23,789)	548,020	1,433,576

Note: Pursuant to the articles of association of the group companies established in the People's Republic of China ("China"), the group companies are required to appropriate 10% or an amount to be determined by the directors of their respective profits after taxation in accordance with the relevant accounting rules and financial regulations of China before any distribution of dividends to owners each year to the statutory surplus reserve until their balances reach 50% of their respective registered capital.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2017

	Notes	1.4.2017 to 30.9.2017 HK\$'000 (Unaudited)	1.4.2016 to 30.9.2016 HK\$'000 (Unaudited)
Net cash from operating activities			
Increase in accounts receivable		(19,586)	–
Decrease in advances provided to customers		30,116	30,641
Increase in bills and other payables		77,652	–
Other operating activities		(13,284)	(14,520)
		74,898	16,121
Net cash used in investing activities			
Increase in structured deposits		(74,618)	–
Placement of short term bank deposits with original maturity more than three months		(126,174)	(161,186)
Release of short term bank deposits with original maturity more than three months		19,101	36,906
Capital injection to an associate		(3,803)	–
Interest received		3,808	5,004
Purchase of equipment	8	(2)	(348)
		(181,688)	(119,624)
Net cash used in financing activity			
Dividends paid	6	–	(41,429)
Net decrease in cash and cash equivalents			
		(106,790)	(144,932)
Cash and cash equivalents at beginning of the period		255,201	286,690
Effect of foreign exchange rate changes		5,462	(3,381)
Cash and cash equivalents at end of the period		153,873	138,377
Analysis of balances of cash and cash equivalents			
Bank balances and cash		38,388	14,467
Short term bank deposits with original maturity within three months		115,485	123,910
		153,873	138,377

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

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: sale 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)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

3. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

3. SEGMENT INFORMATION (continued)

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

3. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

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 China of HK\$87,523,000 (HK\$8,984,000 for the six months ended 30 September 2016), income generated from an external customer 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).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

4. LOSS BEFORE TAXATION

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

	1.4.2017 to 30.9.2017 HK\$'000 (Unaudited)	1.4.2016 to 30.9.2016 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

	1.4.2017 to 30.9.2017 HK\$'000 (Unaudited)	1.4.2016 to 30.9.2016 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 tax 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

6. DIVIDENDS

	1.4.2017 to 30.9.2017 HK\$'000 (Unaudited)	1.4.2016 to 30.9.2016 HK\$'000 (Unaudited)
Dividends recognised as distribution and paid during the period:		
Final dividends of HK 1.5 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:

	1.4.2017 to 30.9.2017 HK\$'000 (Unaudited)	1.4.2016 to 30.9.2016 HK\$'000 (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)
Number of shares:	'000	'000
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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

8. MOVEMENTS IN EQUIPMENT

During the period, the Group incurred HK\$2,000 (HK\$348,000 for the six months ended 30 September 2016) to acquire equipment for its business use.

In addition, the Group disposed of certain equipment with an aggregate carrying amount of nil (HK\$1,000 for the six months ended 30 September 2016) for cash proceeds of nil (nil for the six months ended 30 September 2016), resulting in a loss on disposal of nil (HK\$1,000 for the six months ended 30 September 2016).

9. INTEREST IN A JOINT VENTURE

	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 HK\$'000 (Audited)
Cost of investment in a joint venture, unlisted	1,038,724	1,019,188
Share of post-acquisition loss and other comprehensive expenses, net of dividends received	(775,488)	(768,172)
Impairment, net of other gain	263,236 (263,236)	251,016 (248,447)
	–	2,569

Particulars of the joint venture as at 30 September 2017 and 31 March 2017 are as follows:

Name of joint venture	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Effective ownership interest indirectly held by the Group	Proportion of voting power held	Principal activity
Rongzhong Group Limited ("Rongzhong Group") (Note)	Limited	British Virgin Islands/China	US\$34,276,000	40%	40%	Provision for financing and loan guarantee services

Note: Based on the legal form and terms of the contractual arrangements, the interest in Rongzhong Group is classified as joint venture as the major decisions require the unanimous consent among the shareholders.

The Group's share of loss of a joint venture was HK\$252,906,000 (HK\$723,852,000 for the six months ended 30 September 2016) of which HK\$2,895,000 (HK\$723,852,000 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 HK\$250,011,000 (nil for the six months ended 30 September 2016) was not recognised by the Group as such loss exceeds its interest in the joint venture. The Group's share of other comprehensive income of a joint venture was HK\$326,000 (expense of HK\$43,967,000 for the six months ended 30 September 2016). Rongzhong Group suffered from a high level of impairment allowances on accounts receivable and advances provided to customers which resulted in significant loss for the period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

9. INTEREST IN A JOINT VENTURE (continued)

At 31 March 2017, the management of the Group carried out an impairment review on the carrying amount of its interest in the joint venture by comparing the recoverable amount estimated using value in use with the carrying amount of the interest in Rongzhong Group. In determining the value in use of the interest in Rongzhong Group, the Group estimated the present value of the estimated future cash flows expected to be generated by the joint venture, including cash flows from the operations of the joint venture and the estimated terminal value, calculated at a discount rate of 22.7%. The management of the Group has considered, among others, the performance, deteriorating financial (including but not limited to net liabilities of HK\$192,963,000) and liquidity condition of Rongzhong Group and its available sources of financing in assessing the recoverable amount of the Group's interest in Rongzhong Group.

For the six months ended 30 September 2016, an impairment, net of other gain, of HK\$57,243,000, which represented the impairment loss of HK\$234,843,000 and gain arising from share subscription of HK\$177,600,000, on the interest in the joint venture was recognised in profit or loss in the condensed consolidated statement of profit or loss and other comprehensive income.

10. INTERESTS IN ASSOCIATES/LOAN TO AN ASSOCIATE

	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 HK\$'000 (Audited)
Cost of investments in associates		
Listed in Hong Kong	316,742	315,212
Unlisted	5,335	1,532
Share of post-acquisition losses and other comprehensive expenses, net of dividends received	(166,588)	(111,263)
Impairment loss	155,489 (28,313)	205,481 (19,955)
	127,176	185,526
Loan to an associate	1,470	1,470

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

10. INTERESTS IN ASSOCIATES/LOAN TO AN ASSOCIATE (continued)

Particulars of the associates as at 30 September 2017 and 31 March 2017 are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital		Effective ownership interest indirectly held by the Group	Proportion of voting power held	Principal activity
			30.9.2017	31.3.2017			
China Rongzhong Financial Holdings Company Limited ("China Rongzhong") (Note)	Limited	Cayman Islands/ China	HK\$4,125,090	HK\$4,125,090	34.86%	34.86%	Provision for financial leasing service
Allied Golden Capital Fund I (Cayman) Company Limited (Note)	Limited	Cayman Islands	US\$2,452,000	US\$2,000	19.90%	19.90%	Investment holding
Goldbond Capital Investments Limited (Note)	Limited	Cayman Islands	US\$400,000	US\$400,000	49%	49%	Provision for fund management service

Note: Based on the legal form and terms of the contractual arrangements, the interests in China Rongzhong, Allied Golden Capital Fund I (Cayman) Company Limited and Goldbond Capital Investments Limited are classified as associates as the Group has significant influence over these associates.

As at 30 September 2017, market value of the Group's listed investments in China Rongzhong based on quoted market price was approximately HK\$123,673,000 (31 March 2017: HK\$185,510,000).

During the period, the share of loss of associates and other comprehensive income of an associate by the Group was HK\$66,319,000 (profit of HK\$13,302,000 for the six months ended 30 September 2016) and HK\$11,336,000 (expense of HK\$9,453,000 for the six months ended 30 September 2016), respectively. Of the share of loss of associates of HK\$66,319,000, HK\$66,003,000 represented the share of loss of China Rongzhong which suffered from a high level of impairment allowances on its finance lease receivables and significant loss for the period.

At 30 September 2017, the management of the Group carried out impairment review on the carrying amount of the investment in China Rongzhong 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\$123,673,000 (31 March 2017: HK\$185,510,000). 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 estimated terminal value, 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\$123,673,000 (31 March 2017: HK\$185,510,000) is lower than its carrying amount. Hence, an impairment loss of HK\$7,170,000 (HK\$21,496,000 for the six months ended 30 September 2016) 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

11. 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.

12. ADVANCES PROVIDED TO CUSTOMERS

	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 HK\$'000 (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.

Movement in the impairment allowances

	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 HK\$'000 (Audited)
Balance at beginning of the period/year	52,076	43,405
Exchange realignment	3,100	(2,439)
Impairment losses recognised	1,091	11,110
Balance at end of the period/year	56,267	52,076

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

13. BILLS AND OTHER PAYABLES

	30.9.2017	31.3.2017
	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 18. 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.

14. SHARE CAPITAL

	Number of	Amount
	shares	HK\$'000
	'000	
Issued and fully paid:		
At 1 April 2016, 31 March 2017 and 30 September 2017	2,761,913	829,209

15. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

As at 30 September 2017, 68,400,000 (31 March 2017: 68,400,000) preference shares were in issue. During the current interim period, the beneficial ownership of the preference shares was transferred to Miss Wong, Jacqueline Yue Yee ("Miss Jacqueline Wong"), the daughter of Mr. Wong Yu Lung, Charles ("Mr. Wong", a director of the Company).

Pursuant to the terms and conditions of the preference shares, the preference shares may be redeemed by the holders of the preference shares at any time subsequent to 50 years after the date of issue on 18 September 2001 at a redemption value of HK\$10.00 per preference share. The preference shares carry no right to dividend distributions to the holders. The preference shares were convertible until 17 September 2004 and the conversion rights attached to the preference shares lapsed with no conversion then.

The liability component of the preference shares is carried at amortised cost based on an effective interest rate of 13.97% per annum.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

16. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

A share option scheme was adopted by the Company on 18 September 2002 (the “2002 Share Option Scheme”) with amendments made on 29 August 2003 to give clarity to it. Upon a new share option scheme of the Company came into effect on 31 August 2012, the 2002 Share Option Scheme was terminated and no further share options will be granted thereunder, but the provisions of the 2002 Share Option Scheme will remain in full force and effective to the extent necessary to give effect to the exercise of the share options (to the extent not already exercised) granted prior to its termination.

The Company has the above share option scheme for eligible directors of the Company and eligible employees of the Group and other participants. Details of the share options outstanding during the current period are as follows:

	Number of share options
Outstanding at 31 March 2017	411,500,000
Expired during the period	(90,300,000)
Lapsed during the period	(1,000,000)
Outstanding at 30 September 2017	320,200,000

The Group recognised total expenses of HK\$1,643,000 (HK\$2,975,000 for the six months ended 30 September 2016) relating to share option payment transactions for the six months ended 30 September 2017.

17. OPERATING LEASE COMMITMENTS

As at 30 September 2017, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

As lessee

The Group is the lessee of a number of properties held under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease upon expiry when all terms are re-negotiated.

	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 HK\$'000 (Audited)
Within one year	5,535	5,739
After one year but within five years	3,132	5,827
	8,667	11,566

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For the six months ended 30 September 2017

18. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure the bills payable as disclosed in Note 13:

	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 HK\$'000 (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

19. RELATED PARTY TRANSACTIONS

Save as disclosed in the condensed consolidated financial statements, the Group had the following transactions with related parties during both periods.

(a) Key management personnel remuneration

	1.4.2017 to 30.9.2017 HK\$'000 (Unaudited)	1.4.2016 to 30.9.2016 HK\$'000 (Unaudited)
Short-term employee benefits	3,302	3,302
Post-employment benefits	18	18
Share-based payments	1,319	1,756
	4,639	5,076

(b) Transactions with related parties

	1.4.2017 to 30.9.2017 HK\$'000 (Unaudited)	1.4.2016 to 30.9.2016 HK\$'000 (Unaudited)
Loan interest income from a joint venture	–	3,378
Imputed interest on redeemable convertible preference shares held by Miss Jacqueline Wong (Note 1)	(285)	–
Rental expense paid to a related company (Note 2)	(2,354)	(2,192)

Notes:

- (1) Miss Jacqueline Wong, who is the daughter of Mr. Wong, became the beneficial owner of the redeemable convertible preference shares issued by the Company during the current interim period.
- (2) Mr. Wong and his daughter Ms. Wong Michelle Yatyee ("Ms. Michelle Wong"), both directors of the Company, were considered as materially interested in the transaction as the related company was held by trusts whereby Mr. Wong and Ms. Michelle Wong were trustee and eligible beneficiary respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table provides an analysis of financial instruments that are measured on recurring basis subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 2	
	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 HK\$'000 (Audited)
Financial asset designated at fair value through profit or loss		
Structured deposits	94,690	14,921
Available-for-sale financial assets		
Club debentures	17,530	16,545

The fair values of the structured deposits were determined by reference to recent market transaction and the fair values of the club debentures were determined by reference to recent market prices for similar debentures.

For the six month ended 30 September 2017 and 2016, there were no transfers between Level 1 and 2 or transfer in/out for Level 3 of the fair value hierarchy.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 September 2017, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (“Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the “Model Code”), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares (“Shares”)/underlying Shares of the Company

Name of Director	Capacity	Number of Shares/underlying Shares			Total	Approximate % of Shareholding (Note 9)
		Personal Interest	Corporate Interest	Other Interest		
Mr. Wong Yu Lung, Charles ("Mr. Wong")	Beneficial owner and trustee of discretionary trusts	103,000,000 (Note 1)	–	1,575,465,517 (Note 2)	1,678,465,517	60.77%
Ms. Wong, Michelle Yatyee ("Ms. Michelle Wong")	Beneficial owner and beneficiary of discretionary trusts	23,000,000 (Note 3)	–	1,575,465,517 (Note 2)	1,598,465,517	57.88%
Mr. Wang Jun ("Mr. Wang")	Interest of controlled corporation	–	101,251,300 (Note 4)	–	101,251,300	3.67%
Mr. Ding Chung Keung, Vincent ("Mr. Ding")	Beneficial owner	124,230,000 (Note 5)	–	–	124,230,000	4.50%
Mr. Ma Ho Fai GBS JP ("Mr. Ma")	Beneficial owner	2,700,000 (Note 6)	–	–	2,700,000	0.10%
Mr. Cheng Yuk Wo ("Mr. Cheng")	Beneficial owner	4,200,000 (Note 7)	–	–	4,200,000	0.15%
Mr. Ng Chi Keung MH ("Mr. Ng")	Beneficial owner	2,600,000 (Note 8)	–	–	2,600,000	0.09%

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS (continued)

Long positions in shares of US\$0.1 each of an associated corporation, namely, Goldbond Capital Investments Limited

Name of Director	Capacity	Number of shares	Approximate % of Shareholding (Note 10)
Mr. Wong	Trustee of a trust	124,000	31%
Ms. Michelle Wong	Beneficiary of a trust	124,000	31%

Long position in shares of HK\$0.01 each of an associated corporation, namely, China Rongzhong Financial Holdings Company Limited

Name of Director	Capacity	Number of shares	Approximate % of Shareholding (Note 11)
Ms. Michelle Wong	Trustee of a trust	20,234,242	4.91%

Notes:

- These interests were underlying Shares derived from share options granted to Mr. Wong under the 2002 Scheme and the 2012 Scheme (as defined under the paragraph "SHARE OPTION SCHEMES" on pages 35 to 36 of this report).
- These Shares were indirectly held by two discretionary trusts. The assets of these trusts included the entire issued share capital of Allied Luck Trading Limited ("Allied Luck") (directly holding 855,808,725 Shares), Allied Golden Investment Limited ("Allied Golden") and Aceyork Investment Limited ("Aceyork") (indirectly holding 719,656,792 Shares through Ace Solomon Investments Limited ("Ace Solomon"), a company which was equally owned by Allied Golden and Aceyork). The trustees of these trusts were Mr. Wong and Mrs. Wong Fang Pik Chun ("Mrs. Wong") and the beneficiaries of these trusts were Ms. Michelle Wong and Miss Wong, Jacqueline Yue Yee ("Miss Jacqueline Wong") and their children.

In light of the above, each of Mr. Wong and Ms. Michelle Wong is deemed to be interested in these Shares under the SFO.
- These interests were underlying Shares derived from share options granted to Ms. Michelle Wong under the 2002 Scheme and the 2012 Scheme.
- These Shares were held by a company of which Mr. Wang is interested in the entire issued share capital.
- These interests included 21,230,000 Shares and 103,000,000 underlying Shares derived from share options granted to Mr. Ding under the 2002 Scheme and the 2012 Scheme.
- These interests included 1,200,000 Shares and 1,500,000 underlying Shares derived from share options granted to Mr. Ma under the 2002 Scheme.
- These interests were underlying Shares derived from share options granted to Mr. Cheng under the 2002 Scheme.
- These interests were underlying Shares derived from share options granted to Mr. Ng under the 2012 Scheme.
- As at 30 September 2017, there was a total of 2,761,912,843 Shares in issue.
- As at 30 September 2017, there was a total of 400,000 shares of Goldbond Capital Investments Limited in issue.
- As at 30 September 2017, there was a total of 412,509,000 shares of China Rongzhong Financial Holdings Company Limited in issue.

Save as disclosed above, as at 30 September 2017, none of the Directors or chief executive of the Company or any of their respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30 September 2017, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the Shares/underlying Shares of the Company

Name of substantial shareholder	Capacity	Number of Shares/ underlying Shares	Total	Approximate % of Shareholding (Note 5)
Mrs. Wong	(i) Interest of spouse	103,000,000 (Note 1)	1,678,465,517	60.77%
	(ii) Trustees	1,575,465,517 (Note 2)		
Miss Jacqueline Wong	Beneficiary of the discretionary trusts	1,575,465,517 (Note 2)	1,575,465,517	57.04%
Mr. Kwok Wing-Sien ("Mr. Kwok")	Interest of spouse	1,598,465,517 (Note 3)	1,598,465,517	57.88%
Allied Luck	Beneficial owner	855,808,725	855,808,725	30.99%
Ace Solomon	Beneficial owner	719,656,792 (Note 4)	719,656,792	26.06%
Aceyork	Interest in controlled corporation	719,656,792 (Note 4)	719,656,792	26.06%
Allied Golden	Interest in controlled corporation	719,656,792 (Note 4)	719,656,792	26.06%

Long position in the Company's redeemable convertible preference shares ("PS") (Note 6)

Name of substantial shareholder	Capacity	Total number of PS	Approximate % of shareholding of PS
Miss Jacqueline Wong	Interest in controlled corporation	68,400,000	100%

Other Information

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS (continued)

Notes:

1. Mrs. Wong is deemed to be interested in these underlying Shares held by Mr. Wong, her spouse, for the purpose of the SFO.
2. These Shares were indirectly held by two discretionary trusts. The assets of these trusts included the entire issued share capital of Allied Luck (directly holding 855,808,725 Shares), Allied Golden and Aceyork (indirectly holding 719,656,792 Shares through Ace Solomon, a company which was equally owned by Allied Golden and Aceyork). The trustees of these trusts were Mr. Wong and Mrs. Wong and the beneficiaries of these trusts were Ms. Michelle Wong and Miss Jacqueline Wong and their children.

In light of the above, each of Mrs. Wong and Miss Jacqueline Wong is deemed to be interested in these Shares.
3. Mr. Kwok is deemed to be interested in these Shares/underlying Shares held by Ms. Michelle Wong, his spouse, for the purpose of the SFO.
4. These Shares were held by Ace Solomon as described in Note 2 above. Allied Golden and Aceyork are taken to be interested in these Shares.
5. As at 30 September 2017, there was a total of 2,761,912,843 Shares in issue.
6. As at 30 September 2017, there was a total of 68,400,000 preference shares in issue.

Save as disclosed above, as at 30 September 2017, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CHANGE IN INFORMATION OF DIRECTOR

Except for the following information, up to the date of this interim report, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

- Mr. Cheng was appointed on 20 October 2017 as an independent non-executive director of Kidsland International Holdings Limited (a company listed on the Stock Exchange on 10 November 2017).
- Mr. Ng was appointed as a member of Enterprise Support Scheme Assessment Panel under the Innovation and Technology Fund for a term of two years from 1 July 2017.

SHARE OPTION SCHEMES

On 31 August 2012, the Company terminated the old share option scheme (the “2002 Scheme”) which was adopted on 18 September 2002, and adopted a new share option scheme (the “2012 Scheme”) on the same date with similar terms for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. No further share options will be granted under the 2002 Scheme, but the provisions of the 2002 Scheme remain in full force and effect to the extent necessary to give effect to the exercise of the share options (to the extent not already exercised) granted prior to its termination.

Details of the movements of share options under the 2002 Scheme during the Period were as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise period (Note 2)	Outstanding at 31/3/17	Lapsed during the Period	Outstanding at 30/9/17
Directors						
Mr. Wang	17/8/2007	1.014	17/8/2010 – 16/8/2017	25,000,000	(25,000,000)	–
Mr. Wong	17/8/2007	1.014	17/8/2010 – 16/8/2017	25,000,000	(25,000,000)	–
	13/10/2009	0.500	13/10/2012 – 12/10/2019	26,000,000	–	26,000,000
	1/2/2011	0.410	1/2/2014 – 31/1/2021	26,000,000	–	26,000,000
Mr. Ding	17/8/2007	1.014	17/8/2010 – 16/8/2017	25,000,000	(25,000,000)	–
	13/10/2009	0.500	13/10/2012 – 12/10/2019	26,000,000	–	26,000,000
	1/2/2011	0.410	1/2/2014 – 31/1/2021	26,000,000	–	26,000,000
Ms. Michelle Wong	1/2/2011	0.410	1/2/2014 – 31/1/2021	13,000,000	–	13,000,000
Mr. Ma	1/2/2011	0.410	1/2/2014 – 31/1/2021	1,500,000	–	1,500,000
Mr. Cheng	23/5/2008	0.692	23/5/2011 – 22/5/2018	1,600,000	–	1,600,000
	1/2/2011	0.410	1/2/2014 – 31/1/2021	2,600,000	–	2,600,000
Eligible employees (in aggregate)	17/8/2007	1.014	17/8/2010 – 16/8/2017	15,300,000	(15,300,000)	–
	23/5/2008	0.692	23/5/2011 – 22/5/2018	3,000,000	–	3,000,000
	13/3/2009	0.360	13/9/2011 – 12/3/2019	1,000,000	–	1,000,000
	13/3/2009	0.360	13/3/2012 – 12/3/2019	600,000	–	600,000
	1/2/2011	0.410	1/2/2014 – 31/1/2021	8,400,000	–	8,400,000
				226,000,000	(90,300,000)	135,700,000

Other Information

SHARE OPTION SCHEMES (continued)

Details of the movements of share options under the 2012 Scheme during the Period were as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise period (Note 2)	Outstanding at 31/3/17	Lapsed during the Period	Outstanding at 30/9/17
Director						
Mr. Wong	14/10/2014	0.360	14/10/2016 – 13/10/2024	26,000,000	–	26,000,000
	8/12/2016	0.272	8/12/2018 – 7/12/2026	25,000,000	–	25,000,000
Mr. Ding	14/10/2014	0.360	14/10/2016 – 13/10/2024	26,000,000	–	26,000,000
	8/12/2016	0.272	8/12/2018 – 7/12/2026	25,000,000	–	25,000,000
Ms. Michelle Wong	8/12/2016	0.272	8/12/2018 – 7/12/2026	10,000,000	–	10,000,000
Mr. Ng	28/6/2013	0.295	28/6/2015 – 27/6/2023	2,600,000	–	2,600,000
Eligible employees (in aggregate)	28/6/2013	0.295	28/6/2015 – 27/6/2023	14,800,000	–	14,800,000
	14/10/2014	0.360	14/10/2016 – 13/10/2024	40,000,000	(1,000,000)	39,000,000
	8/12/2016	0.272	8/12/2018 – 7/12/2026	16,100,000	–	16,100,000
				<u>185,500,000</u>	<u>(1,000,000)</u>	<u>184,500,000</u>

Notes:

1. During the Period, no share options were granted, exercised or cancelled under the 2002 Scheme and the 2012 Scheme; and
2. The vesting period of the share options is from the date of grant until the commencement of the exercise 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.

FORWARD-LOOKING STATEMENTS

This interim report contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of Directors of the Company regarding the industry and markets in which it operates. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.