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GOLDBOND GROUP HOLDINGS LIMITED
金 榜 集 團 控 股 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock code: 00172)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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 2018 (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 2018 to 30 September 2018	1 April 2017 to 30 September 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
OPERATING RESULTS		
Revenue	**208,641**	89,460
Profit (loss) for the period	**4,246**	(97,650)
Profit (loss) for the period attributable to owners of the Company	**4,246**	(97,650)
Total comprehensive expense for the period attributable to owners of the Company	**(50,408)**	(53,241)
Basic earnings (loss) per share	**HK0.15 cent**	HK(3.54) cents

FINANCIAL POSITION

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Equity attributable to owners of the Company	**455,810**	511,087

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	Notes	**1 April 2018 to 30 September 2018** *HK$'000* **(Unaudited)**	1 April 2017 to 30 September 2017 *HK$'000* (Unaudited)
Revenue	*3*		
Trading income		**199,366**	79,877
Income from financing services		**9,275**	9,583
		208,641	89,460
Other income		**7,054**	3,939
Net exchange gain (loss)		**24,085**	(17,354)
Cost of sales of trading business		**(198,658)**	(79,738)
Staff costs		**(8,066)**	(8,370)
Other operating expenses		**(6,169)**	(7,356)
Impairment loss on interest in an associate		**–**	(7,170)
Finance costs		**(462)**	(401)
Share of loss of a joint venture		**–**	(2,895)
Share of loss of associates		**(19,627)**	(66,319)
Profit (loss) before taxation	*4*	**6,798**	(96,204)
Taxation	*5*	**(2,552)**	(1,446)
Profit (loss) for the period		**4,246**	(97,650)
Other comprehensive (expenses) income			
Items that will not be reclassified to profit or loss			
Exchange differences arising on translation to presentation currency attributable to:			
The Group		**(49,163)**	32,747
A joint venture		**–**	326
An associate		**(5,491)**	11,336
Other comprehensive (expenses) income for the period		**(54,654)**	44,409
Total comprehensive expense for the period		**(50,408)**	(53,241)
Profit (loss) for the period attributable to owners of the Company		**4,246**	(97,650)
Total comprehensive expense for the period attributable to owners of the Company		**(50,408)**	(53,241)
Earnings (loss) per share	*7*		
– Basic and diluted		**HK0.15 cent**	HK(3.54) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

	Notes	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Non-current assets			
Equipment		**625**	948
Interests in associates and a joint venture		**43,303**	74,846
Loan to an associate		**1,470**	1,470
Club debentures		**16,733**	18,179
		62,131	95,443
Current assets			
Accounts receivable	*8*	**70,182**	53,750
Advances provided to customers	*9*	**151,285**	160,494
Prepayments, deposits and other receivables		**1,253**	3,614
Structured deposits		**195,381**	96,543
Short term bank deposits			
– with original maturity within three months		**186,420**	197,055
– with original maturity more than three months		**1,197**	72,164
Bank balances and cash		**7,605**	27,479
		613,323	611,099
Current liabilities			
Bills and other payables	*10*	**208,959**	185,333
Taxation		**3,841**	3,740
		212,800	189,073
Net current assets		**400,523**	422,026
Total assets less current liabilities		**462,654**	517,469
Capital and reserves			
Share capital		**829,209**	829,209
Reserves		**(373,399)**	(318,122)
Total equity		**455,810**	511,087
Non-current liability			
Redeemable convertible preference shares		**6,844**	6,382
		462,654	517,469

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 2018 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 2018 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.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on 1 April 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue* and the related interpretations.

Except for interest income from provision of financing which fall outside the scope of HKFRS 15, revenue from trading of chemical products is recognised at a point in time.

The application of HKFRS 15 has no significant impact to the condensed consolidated financial statements.

Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments*

In the current period, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) expected credit losses ("ECL") for financial assets and (iii) general hedge accounting.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Notes	**Financial assets designated at fair value through profit or loss ("FVTPL")** *HK$'000*	**Financial assets at FVTPL required by HKFRS 9** *HK$'000*	**Amortised cost (previously classified as loans and receivables** *HK$'000*	**Investment revaluation/ fair value through other comprehensive income reserve** *HK$'000*	**Interests in associates** *HK$'000*	**Accumulated losses** *HK$'000*
Closing balances at 31 March 2018		96,543	–	515,150	3,000	74,846	(362,355)
Effect arising from initial application of HKFRS 9:							
Reclassification							
From designated at FVTPL	*(a)*	(96,543)	96,543	–	–	–	–
From loan and receivables	*(a)*	–	1,470	(1,470)	–	–	–
Others		–	–	–	(3,000)	–	3,000
Remeasurement							
Provision of impairment by an associate under ECL model shared by the Group	*(c)*	–	–	–	–	(6,425)	(6,425)
Opening balances at 1 April 2018		–	98,013	513,680	–	68,421	(365,780)

Notes:

(a) Financial assets designated at FVTPL

At the date of initial application, the Group no longer applied designation as measured at FVTPL for the structured deposits which is managed and its performance is evaluated on a fair value basis, as these financial assets are required to be measured at FVTPL under HKFRS 9. As a result, the fair value of these investments of HK$96,543,000 were reclassified from financial assets designated at FVTPL to financial assets at FVTPL.

Loan to an associate of HK$1,470,000 previously classified as loans and receivables was reclassified to FVTPL upon the application of HKFRS 9 because its cash flows do not represent solely payments of principal and interest on the principal amount outstanding.

(b) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all accounts receivable. The ECL of accounts receivable is assessed individually for the debtors with significant balances. For accounts receivable not assessed individually, the respective ECL is assessed collectively based on shared credit risk characteristics and factors specific to the accounts receivable.

Loss allowances for other financial assets at amortised cost mainly comprise of advances provided to customers, bank interest receivable, short term bank deposits and bank balances are measured on 12-month ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, except for share of additional credit loss allowance of associates as mentioned at Note (c) below, there is no material additional credit loss allowance is charged against the respective assets or accumulated losses.

(c) Interests in associates

The net effects arising from the initial application of HKFRS 9 by the associates of the Group resulted in a decrease in the carrying amounts of interests in associates by HK$6,425,000, with corresponding adjustment to accumulated losses by the same amount.

3. REVENUE AND SEGMENT INFORMATION

The Group's operating segments in prior years, 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 of chemical products;

(b) factoring service; and

(c) financing service.

To better manage and evaluate the performance of the Group's business of provision of financing business and allocations of resources thereto, the CODM determined in the current interim period to combine the operating segment of factoring service and financing service. This led to a change in the segment reporting for the comparable period. The Group's operating segments are therefore modified as follows:

(i) trading of chemical products; and

(ii) financing services.

Comparative figures in the prior period have also been restated to conform to the current period's presentation.

The Group's revenue for the trading segment is recognised at a point in time while the interest income for the financing services segment is recognised over time.

Revenue from major products and services

The following is an analysis of the Group's external revenue from its major products and services.

	1 April 2018 to 30 September 2018 *HK$'000* **(Unaudited)**	1 April 2017 to 30 September 2017 *HK$'000* (Unaudited)
Trading of chemical products	**199,366**	79,877
Income from financing services	**9,275**	9,583
	208,641	89,460

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 2018

	Trading *HK$'000* **(Unaudited)**	**Financing services** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Revenue from customers	**199,366**	**9,275**	**208,641**
Segment results	**4,186**	**7,450**	**11,636**
Unallocated other income			**2,893**
Central administration costs			**(11,727)**
Net exchange gain			**24,085**
Finance costs			**(462)**
Share of loss of associates			**(19,627)**
Profit before taxation			**6,798**

For the six months ended 30 September 2017 (restated)

	Trading *HK$'000* (Unaudited)	Financing services *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Revenue from customers	79,877	9,583	89,460
Segment results before impairment loss	878	7,683	8,561
Impairment loss on advances provided to customers	–	(1,091)	(1,091)
Segment results	878	6,592	7,470
Unallocated other income			2,634
Central administration costs			(12,169)
Impairment loss on interest in an associate			(7,170)
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)

Segment results represent the profit earned by each segment, without allocation of impairment loss on interest in an associate, central administration costs, other income (primarily interest income from bank deposits), net exchange gain (loss), finance costs, share of loss of associates and share of loss of a joint venture. 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 2018

	Trading *HK$'000* **(Unaudited)**	**Financing services** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Assets			
Segment assets	**257,780**	**151,812**	**409,592**
Interests in associates			**43,303**
Loan to an associate			**1,470**
Unallocated assets			**221,089**
Total assets			**675,454**
Liabilities			
Segment liabilities	**185,522**	**1,770**	**187,292**
Unallocated liabilities			**32,352**
Total liabilities			**219,644**

As at 31 March 2018 (restated)

	Trading *HK$'000* (Unaudited)	Financing services *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Assets			
Segment assets	217,076	161,416	378,492
Interests in associates			74,846
Loan to an associate			1,470
Unallocated assets			251,734
Total assets			706,542
Liabilities			
Segment liabilities	160,633	3,629	164,262
Unallocated liabilities			31,193
Total liabilities			195,455

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

Geographical information

Revenue reported above represents income generated from external customers based on the locations of their operations.

	1 April 2018 to 30 September 2018 *HK$'000* **(Unaudited)**	1 April 2017 to 30 September 2017 *HK$'000* (Unaudited)
The People's Republic of China ("China")	**208,641**	87,523
Outside of China	**–**	1,937
	208,641	89,460

4. PROFIT (LOSS) BEFORE TAXATION

	1 April 2018 to 30 September 2018 *HK$'000* **(Unaudited)**	1 April 2017 to 30 September 2017 *HK$'000* (Unaudited)
Profit (loss) before taxation has been arrived at after charging (crediting) the following items:		
Impairment loss on advances provided to customers	**–**	1,091
Imputed interest on redeemable convertible preference shares	**462**	401
Depreciation of equipment	**221**	748
Operating lease rentals in respect of properties	**3,012**	2,980
Interest income from bank deposits and structured deposits	**(6,968)**	(3,808)
Gain on disposal of equipment	**(84)**	–

5. TAXATION

	1 April 2018 to 30 September 2018 *HK$'000* **(Unaudited)**	1 April 2017 to 30 September 2017 *HK$'000* (Unaudited)
The charge comprises:		
Current tax		
Enterprise Income Tax in China		
– Provision for the current period	**2,552**	1,446

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$36,343,000 (31 March 2018: HK$31,313,000) 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

The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2018 (nil for the six months ended 30 September 2017).

7. EARNINGS (LOSS) PER SHARE

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

	1 April 2018 to 30 September 2018	1 April 2017 to 30 September 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings (loss):		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share (profit (loss) for the period attributable to owners of the Company)	**4,246**	(97,650)
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**2,761,913**	2,761,913

Note: The computation of diluted earnings (loss) per share for both periods does not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price of shares for both periods.

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 accounts receivable were neither past due nor impaired and were related to customers 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.

Since the adoption of HKFRS 9 on 1 April 2018, the Group applies the simplified approach to providing for credit losses prescribed by HKFRS 9, which permits the use of lifetime expected loss provision for accounts receivable. To measure the ECL of accounts receivable, these amounts have been assessed individually for each customer according to the past payment pattern with references to external credit ratings of comparable companies. No impairment allowance has been provided as at 1 April 2018 and 30 September 2018 since the loss given default and exposure at default are low based on historical credit loss experience, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future condition.

9. ADVANCES PROVIDED TO CUSTOMERS

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Advances provided to customers	**341,177**	355,027
Less: Impairment allowances	**(189,892)**	(194,533)
Amounts shown under current assets	**151,285**	160,494

As at 30 September 2018, the advances provided to customers, which bore fixed interest at a rate of not more than 16.8% (31 March 2018: 16.8%) per annum, were repayable according to the terms stipulated in the loan agreements and factoring facility agreements. The entire balances as at 30 September 2018 and 31 March 2018 were secured by accounts receivable and/or commercial acceptance bills.

10. BILLS AND OTHER PAYABLES

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Bills payable	**185,122**	160,633
Other payables	**23,837**	24,700
	208,959	185,333

Bills payable were normally required to be settled within six months and secured by certain assets as disclosed in Note 11. The entire balance of bills payable were aged within 6 months (31 March 2018: 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 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Structured deposits	**186,290**	89,136
Short term bank deposits with original maturity more than three months	**1,197**	72,164
	187,487	161,300

INTERIM DIVIDEND

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

BUSINESS REVIEW

For the period ended 30 September 2018, the Group continued to principally engaged in the provision of financing services and trading of goods in China and holds interests in a joint venture and associates. The Group, headquartered in Hong Kong, has offices in Shanghai, Nanjing and Yancheng, forming a good client service network.

Core business

Trading

The Group's trading business is conducted through Shanghai Goldbond Trading Company Limited ("Shanghai Goldbond"), a wholly-owned subsidiary of the Company.

The Group's products traded are chemical products which are essential to the manufacturing of polyester fibers and antifreeze formulations. The operation recorded a remarkable growth in revenue by over 2.5 times to HK$199.4 million (corresponding period in 2017: HK$79.9 million), and a profit of HK$4.2 million (corresponding period in 2017: HK$0.9 million). The increases in revenue and profit of the operation were principally due to the increase in volume of chemical products transacted during the Period, which was in turn resulting from the management's successful efforts in business expansion and securing more banking facilities. The Group also seeks to minimise credit risk by assigning a maximum credit limit for each customer and maintain strict control over its outstanding receivables.

Shanghai Goldbond normally settles payables for its purchase by bank acceptance bills in six months, while it generally allows credit period of 60 days for its customers. During the Period, Shanghai Goldbond subscribed several principal-protected and floating income structured deposit by utilising settlement time gap to earn extra income.

The Group will continue to develop the trading business of the Company, and will look for potential suppliers and/or customers for trading of other products and commodities in the context of diversification. The Board expects that the trading business will enable the Group to expand its business network and market reach which may bring synergy effect to the Group's other business and investment opportunities.

Financing

During the period ended 30 September 2018, the financing services segment realised revenue and segment results of HK$9.3 million and HK$7.4 million, respectively (corresponding period in 2017: HK$9.6 million and HK$6.6 million, respectively).

– *Factoring*

The Group's factoring business is conducted through Jiangsu Goldbond Factoring Co., Ltd., a wholly-owned subsidiary of the Company.

The Group provides customers with funds secured by, amongst others, their accounts receivable, and offers them accounts receivable management services, which include review of documents relating to the accounts receivable, collection of the accounts receivable, and reports regularly to customers on matters concerning their accounts receivable. In return, the Group receives interest income as well as professional fees for the services rendered.

The factoring business has recorded satisfactory results since its commencement of business, with a focus on account receivables due by large state-owned enterprises or listed companies. Before granting loans to potential customers, the Group assesses the potential borrower's credit quality and/or receivables' quality and defines the credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly. It has come to the Board's attention that a state-owned enterprise, which is the holding company and guarantor of a major customer with outstanding advance provided to customers of RMB100 million (the "Major Customer"), has defaulted on some bonds repayment recently. For details of the guarantor, please refer to the announcement of the Company dated 17 June 2017. There was no principal or interest past due for the Major Customer as at 30 September 2018 and the Major Customer settled all due interest up to the date of this announcement under the factoring facility agreement. The Board will closely monitor the Major Customer's operation and take appropriate actions when necessary.

– *Small loan financing*

The Group engages in small loan financing business through Yancheng Goldbond Technology Small Loan Company Limited ("Yancheng Goldbond"), established 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. The revenue from the small loan financing business further dropped to zero as no new small loan have been granted during the Period. The Group decided to further reduce the investment in the small loan financing and capital reduction of US$6.5 million was approved in October 2018. Financial resources will be diverted to other businesses with better growth potential, such as factoring and trading.

– *Loan to Yong Hua International Ltd. ("Yong Hua")*

As disclosed in the annual report 2017/18, Solomon Glory Limited, a wholly-owned subsidiary of the Company ("Solomon Glory") has commenced legal proceedings against Yong Hua International Ltd. ("Yong Hua") and Mr. Xie Xiaoqing ("Mr. Xie") pursuant to a term loan facility in the principal amount of HK$128.8 million in The Court of First Instance of The High Court. The judgement was awarded in favour of Solomon Glory. Solomon Glory is taking enforcement actions against the assets of Yong Hua and Mr. Xie for the recovery of outstanding loan. Up to the date of the announcement, we have obtained a garnishee order in respect of a bank account of Mr. Xie and recovered approximately HK$0.3 million. Charging order has also been granted by the court in Hong Kong in favour of Solomon Glory for 38,503,380 issued shares of China Rongzhong Financial Holdings Company Limited ("China Rongzhong") (Stock code: 03963) held by Yong Hua.

The Board, after taking into account currently available information on the financial status of Yong Hua, and Mr. Xie, including but not limited to the legal actions in Hong Kong and China, and based on the search on the website: http://zxgk.court.gov.cn/ on 30 November 2018, Mr. Xie was on List of Dishonest Persons Subject to Enforcement (失信被執行人), considers that the chance of recovering the debt due and owing by them is still low. Accordingly, the full impairment loss recognised during the year ended 31 March 2018 was not reversed in the Period.

Investments

Interest in a joint venture: 40% of Rongzhong Group Limited ("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.

With the slowdown in economic growth in China, Rongzhong Group Companies 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$179.1 million for the Period (corresponding period in 2017: HK$618.3 million). Rongzhong Group incurred net loss attributable to the owners of the company of HK$66.7 million for the Period (corresponding period in 2017: HK$632.3 million). The Group's share of loss of a joint venture was HK$26.7 million (corresponding period in 2017: HK$252.9 million) of which nil (corresponding period in 2017: loss of HK$2.9 million) was recognised in the condensed consolidated statement of profit or loss for the Period as the unrecognised 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 2018.

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 the successful recovery of outstanding loans.

Interest in an associate: 34.86% of China Rongzhong

China Rongzhong and its subsidiaries ("China Rongzhong Group"), primarily engages in finance leasing business through Rongzhong International Financial Leasing Co., Ltd., which provides finance lease services to customers in Hubei Province.

The revenue of China Rongzhong Group for the Period was HK$26.0 million (corresponding period in 2017: HK$68.8 million), which decreased by HK$42.8 million or 62% compared to previous period. China Rongzhong Group experienced high level of impairment loss on its finance lease receivables in the amount of HK$57.1 million for the Period (corresponding period in 2017: HK$216.0 million). As a result, China Rongzhong Group reported a net loss attributable to the owners of the company of HK$56.6 million (corresponding period in 2017: HK$189.3 million). The Group's share of loss of China Rongzhong Group for the Period was HK$19.7 million (corresponding period in 2017: HK$66.0 million).

The 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 Group carried out an assessment as at 30 September 2018 whether there is any indication that an impairment loss recognised in prior periods for the investment in China Rongzhong may no longer exist or may be decreased. Given that the indications of impairment previously identified still existed as at 30 September 2018, no reversal of impairment had been recognised.

Also, the Board considered that the operating environment for China Rongzhong Group is expected to remain challenging. The Board carried out impairment reviews on the carrying amount of China Rongzhong as 30 September 2018 by comparing the recoverable amount estimated using 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 28 September 2018 was approximately HK$66.2 million (31 March 2018: HK$138.1 million). In determining the value in use of the investment as at 30 September 2018, 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 at a discount rate of 23.0% (31 March 2018: 23.4%). Based on the assessment, as at 30 September 2018, the recoverable amount of China Rongzhong based on fair value less costs of disposal amounted to HK$66.2 million (31 March 2018: HK$138.1 million) is higher than its carrying amount.

As at 30 November 2018, the market value of the Group's listed investments in China Rongzhong, based on quoted market price was approximately HK$69.7 million.

Interests in associates: 49% of Goldbond Capital Investments Limited (the "Manager") and 19.9% of Allied Golden Capital Fund I (Cayman) Company Limited (the "Fund")

The Fund has sold the first piece of real estate investment in Los Angeles of the United States of America with a successful closing in the Period. A new piece of investment of US$10.5 million was made in November 2018. The Fund is managed by the Manager. The Manager will continue to look for opportunistic investments for the Fund in the United States of America, United Kingdom and Hong Kong. The Group's share of profit of the Fund for the Period was HK$0.3 million while its share of loss of the Manager was HK$0.2 million.

OUTLOOK

The Group's trading and financing businesses have solid progress during the Period. However, the trade wars between the United States and China in recent months have added new uncertainties and variables to outlook of the world economy and global financial markets. The Group will be more cautious on the counterparties' ability on resisting fluctuation in the market when exploring new opportunities in the trade and financing businesses. The Group is considering to devote more resources in the real estate markets in the developed countries as the Board considers that the property market will have stable growth in the future.

Looking ahead, the Group will continue its business strategy of building an asset portfolio with good balance of recurring income streams and growth opportunities.

FINANCIAL REVIEW

Revenue

The Group realised revenue for the Period of HK$208.6 million, representing an increase of HK$119.2 million as compared to previous period. The increase was mainly contributed by the revenue derived from the trading business of the Group of HK$199.4 million (corresponding period in 2017: HK$79.9 million).

Staff costs

Staff costs of the Group amounted to HK$8.1 million, which decreased by HK$0.3 million or 4% compared to previous period. Such decrease is mainly attributable to the decrease in salary and share option expenses.

Other operating expenses

Other operating expenses were HK$6.2 million, which decreased by HK$1.2 million compared to previous period. The decrease was mainly attributable to the decrease in the impairment loss on advances provided to customers by HK$1.1 million.

Share of loss of a joint venture

The Group shared loss of a joint venture, Rongzhong Group, of nil for the Period (corresponding period in 2017: HK$2.9 million).

Share of loss of associates

Share of loss of associates mainly composed of the share of loss of China Rongzhong of HK$19.7 million (corresponding period in 2017: HK$66.0 million) and the share of loss of the Manager of HK$0.2 million (corresponding period in 2017: HK$0.3 million), partly offset by the share of profit of the Fund of HK$0.3 million.

Profit (loss) for the Period attributable to the owners of the Company

As a result of the foregoing, profit for the Period attributable to the owners of the Company was HK$4.2 million (corresponding period in 2017: loss for the period of HK$97.7 million).

Other comprehensive (expenses) income for the Period

Other comprehensive expenses for the Period represented exchange differences arising on translation to presentation currency of HK$54.6 million (corresponding period in 2017: other comprehensive income of HK$44.4 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 2018, the aggregate sum of cash, bank balances and short term bank deposits amounted to HK$195.2 million (31 March 2018: HK$296.7 million) and there was no bank borrowing. The working capital (current assets less current liabilities) and the total equity of the Group were HK$400.5 million (31 March 2018: HK$422.0 million) and HK$455.8 million (31 March 2018: HK$511.1 million) respectively. No gearing ratio was calculated as the Group had no debt as at 30 September 2018.

KEY FINANCIAL RATIO

Net asset value per share

	30 September 2018	31 March 2018
Net asset value per share (HK cents)	**16.5**	18.5

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

Charges on group assets

As at 30 September 2018, structured deposits of HK$186.3 million and short term bank deposits with original maturity more than three months of HK$1.2 million were pledged to bank to comply with the deposit requirement for the issuance of bills payable by the Group.

Contingent liabilities

As at 30 September 2018, there was no contingent liability.

Employees and remuneration policy

As at 30 September 2018, the Group had 29 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.

In Hong Kong, the Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong). The assets of the MPF Scheme are held separately from those of the Group and administered by an independent trustee. Under the MPF Scheme, the Group and its employees are each required to make a contribution to the MPF Scheme at 5% of the employees' relevant monthly income subject to a cap, which is currently set at HK$1,500.

The employees employed by the subsidiaries in China are members of the state-managed retirement benefit schemes operated by the China government. The China subsidiaries are required to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make specified contributions.

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 27 September 2018 due to health reason. The Deputy Chairman, the Chief Executive Officer and other Directors, including 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.

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, 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 2018/19 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. 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, 30 November 2018