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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)

### ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

The board of directors (the “Board”) of Goldbond Group Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2019 (the “Year”), which have been reviewed by the audit committee of the Company (the “Audit Committee”) and approved by the Board together with the restated comparative figures for the year ended 31 March 2018 as follows:

<b>FINANCIAL HIGHLIGHTS</b>	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		(Restated)
<b>OPERATING RESULTS</b>		
Revenue	<b>3,355</b>	2,628
Interest revenue – financing and factoring services	<b>9,979</b>	15,355
Loss for the year	<b>(233,224)</b>	(267,834)
Loss for the year attributable to owners of the Company	<b>(233,224)</b>	(267,834)
Total comprehensive expense for the year attributable to owners of the Company	<b>(267,265)</b>	(208,921)
Basic loss per share	<b>HK(8.44) cents</b>	HK(9.70) cents
<b>FINANCIAL POSITION</b>		
Equity attributable to owners of the Company	<b>296,699</b>	561,820

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	<i>Notes</i>	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i> (Restated)
<b>REVENUE</b>	6	<b>3,355</b>	2,628
Interest revenue – financing and factoring services	6	<b>9,979</b>	15,355
Interest revenue – bank interest income		<b>12,923</b>	9,590
Other income		<b>8,324</b>	327
Staff costs		<b>(16,126)</b>	(19,281)
Other operating expenses		<b>(15,283)</b>	(28,258)
Reversal of impairment loss on interest in an associate		–	21,930
Impairment loss on accounts receivable		<b>(64,103)</b>	–
Impairment losses on advances provided to customers, net		<b>(133,286)</b>	(137,273)
Fair value gain/(loss) on financial assets at fair value through profit or loss		<b>3,212</b>	(3,178)
Finance costs		<b>(957)</b>	(832)
Share of loss of a joint venture		–	(2,895)
Share of loss of associates		<b>(38,082)</b>	(123,445)
<b>LOSS BEFORE TAXATION</b>	7	<b>(230,044)</b>	(265,332)
Taxation	8	<b>(3,180)</b>	(2,502)
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>(233,224)</b>	(267,834)
<b>Other comprehensive (expense)/income after tax</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation to presentation currency attributable to: The Group		<b>(36,660)</b>	41,694
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation to presentation currency attributable to: The Group		<b>9,172</b>	499
A joint venture		–	326
An associate		<b>(6,553)</b>	16,394
Other comprehensive (expense)/income for the year		<b>(34,041)</b>	58,913
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>(267,265)</b>	(208,921)
<b>LOSS PER SHARE</b>			
– Basic and diluted	10	<b>HK(8.44) cents</b>	HK(9.70) cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

		<b>31 March 2019</b>	31 March 2018	1 April 2017
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Restated)	(Restated)
<b>Non-current assets</b>				
Equipment		452	948	2,187
Interest in a joint venture		–	–	2,569
Interests in associates		72,177	104,208	185,526
Loan to an associate		–	1,470	1,470
Advances provided to customers		–	–	132,319
Club debentures		40,463	39,550	38,888
		<u>113,092</u>	<u>146,176</u>	<u>362,959</u>
<b>Current assets</b>				
Accounts receivable	11	1,919	53,750	14,955
Advances provided to customers	12	17,327	160,494	143,953
Loan to an associate		1,470	–	–
Prepayments, deposits and other receivables		1,205	3,614	1,912
Structured deposits		86,065	96,543	14,921
Short term bank deposits				
– with original maturity within three months		163,756	197,055	234,877
– with original maturity more than three months		11,809	72,164	19,101
Bank balances and cash		19,680	27,479	20,324
		<u>303,231</u>	<u>611,099</u>	<u>450,043</u>
<b>Current liabilities</b>				
Bills and other payables	13	108,422	185,333	36,371
Taxation		2,642	3,740	3,484
		<u>111,064</u>	<u>189,073</u>	<u>39,855</u>
<b>Net current assets</b>		<u>192,167</u>	<u>422,026</u>	<u>410,188</u>
<b>Total assets less current liabilities</b>		<u>305,259</u>	<u>568,202</u>	<u>773,147</u>
<b>Non-current liabilities</b>				
Security deposits		1,221	–	–
Redeemable convertible preference shares		7,339	6,382	5,550
		<u>8,560</u>	<u>6,382</u>	<u>5,550</u>
<b>NET ASSETS</b>		<u>296,699</u>	<u>561,820</u>	<u>767,597</u>
<b>Capital and reserves</b>				
Share capital		829,209	829,209	829,209
Reserves		(532,510)	(267,389)	(61,612)
<b>Total equity</b>		<u>296,699</u>	<u>561,820</u>	<u>767,597</u>

Notes:

## **1. CORPORATE INFORMATION**

The Company is a public limited company incorporated in Hong Kong with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and have been suspended for trading since 28 June 2019. The addresses of the registered office and principal place of business of the Company are Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

The Company is an investment holding company. The principal activities of the Group is the provision of financial services business including financing and factoring services in Hong Kong and the People’s Republic of China (the “PRC”) and held interests in associates.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) while the functional currency of the Company is Renminbi (“RMB”) and all values are rounded to the nearest thousand (“HK\$’ 000”), unless otherwise stated. The reason for selecting Hong Kong dollar as the presentation currency is because the Company is a public company with its shares listed on the Stock Exchange, where most of its investors are located in Hong Kong.

## **2. BASIS OF PREPARATION**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which also include Hong Kong Accounting Standards (“HKASs”) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong, the applicable disclosure required by the Hong Kong Company Ordinance and the applicable disclosure provisions of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## **3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2018. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRSs”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years, except as stated below.

### **A. HKFRS 9 (2014) “Financial Instruments”**

Available-for-sale investments are now classified as equity investments at fair value through profit and loss.

HKFRS 9 (2014) has been applied retrospectively and resulted in changes in the consolidated amounts reported in the consolidated financial statements as follows:

	31 March 2018 <i>HK\$'000</i>	1 April 2017 <i>HK\$'000</i>
<b>At 31 March 2018:</b>		
Decrease in financial assets designated at fair value through profit and loss		
– Structured deposits	(96,543)	(14,921)
Decrease in available-for-sale financial assets		
– Club debentures	(18,179)	(16,545)
Increase in Financial assets at fair value through profit and loss		
– Structured deposits	96,543	14,921
– Club debentures	39,550	38,888
Decrease in investment revaluation reserve	3,000	3,000
Decrease in accumulated losses	(22,165)	(25,343)
Increase in translation reserve	(2,206)	–
<b>For the year ended 31 March 2018:</b>		
Increase in fair value loss on financial assets at fair value through profit or loss	3,178	
Increase in exchange differences on translation to presentation currency	(2,206)	

#### 4. PRIOR YEAR ADJUSTMENTS

##### (a) Revenue and cost of sales of trading business

On 25 June 2019, Deloitte Touche Tohmatsu (the “Former Auditor”), being the auditor of the Company since 10 November 2006, issued a letter to the Audit Committee, in which the Former Auditor requested the Audit Committee to undertake an independent investigation (the “Investigation”) in respect of the trading transactions in chemical products between Shanghai Goldbond Trading Company Limited (“Shanghai Goldbond”), a wholly owned subsidiary of the Company established in the PRC and certain customers and suppliers, involving an aggregate overdue account receivables for the Group in the amount of approximately RMB57,000,000 (equivalent to approximately HK\$65,000,000). Details of which are set out in the announcement of the Company dated 28 June 2019.

On 18 July 2019, Ernst & Young (China) Advisory Limited, an independent professional accounting firm (the “Independent Firm”), was engaged to conduct the Investigation. On 31 January 2020, the Independent Firm issued a first report on the Investigation and follow up by issuing a final report on the supplemental investigation on 4 September 2020 (collectively the “Investigation Reports”). Details of the key findings of the Investigation are set out in the announcements of the Company dated 31 January 2020 and 4 September 2020, respectively.

Based on the findings of the Investigation, the Independent Firm and the directors of the Company considered those trading transactions were not primarily for trading purpose but as a part and parcel arrangement aimed for earning finance income. In upholding the principle of prudence by the directors of the Company, prior year adjustments have been made to record those trading revenue as finance income. As a result, prior year adjustments have been made to reclassify the cost of sales of the trading business amounting to approximately HK\$245,067,000 to revenue for the year ended 31 March 2018.

##### (b) Interests in associates

The management of the Company carried out impairment assessment on the carrying amount of the interest in China Rongzhong Financial Holdings Company Limited (“China Rongzhong”), an associate of the Company and listed on the Stock Exchange, as at 31 March 2018. The recoverable amount of China Rongzhong amounting to approximately HK\$138,054,000 as at 31 March 2018, which is higher than the carrying amount as at same day. In accordance with HKAS 36 – Impairment of Assets, a full reversal of impairment loss on interest in an associate amounting to approximately HK\$21,930,000 and exchange differences on translation to presentation currency attributable to an associate amounting to approximately HK\$262,000 have been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018.

(c) **Foreign currencies**

In previous years, certain exchange differences arising from amounts receivable from or payable to the foreign operations of the Company which are neither planned nor likely to occur settlement in the foreseeable future are, in substance, a part of the entity's net investment in that foreign operation. Together with a portion of exchange differences arising from the investment in subsidiaries, an amount totaling HK\$13,861,000 was recognised in the consolidated statement of profit or loss for the year ended 31 March 2018.

As a result, in accordance with HKAS 21 – The Effects of Changes in Foreign Exchange Rates, the Group has made a retrospective restatement to re-classify the loss for the year of approximately HK\$13,861,000 to other comprehensive income of approximately HK\$13,861,000 for the year ended 31 March 2018 and reclassified the accumulated losses of approximately HK\$9,599,000 as at 1 April 2017 to translation reserve of approximately HK\$9,599,000 as at 1 April 2017.

The following tables disclose the restatements that have been made in order to reflect the above corrections to each of the line items in the financial statement of comprehensive income as previously reported for the year ended 31 March 2018 and statement of financial position as at 31 March 2018 and 2017 as previously reported:

***Consolidated statement of comprehensive income for the year ended 31 March 2018***

	As previously reported HK\$'000	Effect of initial application of HKFRS 9 HK\$'000	Effect of prior year's adjustment			Effect of initial application of HKFRS 15 HK\$'000	As restated HK\$'000
			(a) HK\$'000	(b) HK\$'000	(c) HK\$'000		
Revenue	263,050	–	(245,067)	–	–	(15,355)	2,628
Interest revenue – financing and factoring service	–	–	–	–	–	15,355	15,355
Interest revenue – bank interest income	–	–	–	–	–	9,590	9,590
Other income	9,917	–	–	–	–	(9,590)	327
Cost of sales of trading business	(245,067)	–	245,067	–	–	–	–
Staff costs	(19,281)	–	–	–	–	–	(19,281)
Other operating expenses (Impairment)/reversal of impairment loss on interest in an associate	(42,119) (7,170)	– –	– –	– 29,100	– –	– –	– 21,930
Impairment losses on advances provided to customers, net	(137,273)	–	–	–	–	–	(137,273)
Fair value loss on financial assets at fair value through profit or loss	– (832)	(3,178) –	– –	– –	– –	– –	(3,178) (832)
Finance costs	(832)	–	–	–	–	–	(832)
Share of loss of a joint venture	(2,895)	–	–	–	–	–	(2,895)
Share of loss of associates	(123,445)	–	–	–	–	–	(123,445)
(Loss)/profit before taxation	(305,115)	(3,178)	–	29,100	13,861	–	(265,332)
Taxation	(2,502)	–	–	–	–	–	(2,502)

	As previously reported HK\$'000	Effect of initial application of HKFRS 9 HK\$'000	Effect of prior year's adjustment			Effect of initial application of HKFRS 15 HK\$'000	As restated HK\$'000
			(a) HK\$'000	(b) HK\$'000	(c) HK\$'000		
<b>Loss for the year</b>							
– attributable to owners of the company	(307,617)	(3,178)	–	29,100	13,861	–	(267,834)
Other comprehensive income/ (expenses) after tax							
<i>Items that will not be reclassified to profit or loss:</i>							
Exchange differences on translation to presentation currency attributable to:							
The Group	65,972	2,206	–	–	26,484	–	41,694
<i>Items that may be reclassified to profit or loss:</i>							
Exchange differences on translation to presentation currency attributable to:							
The Group	(12,124)	–	–	–	12,623	–	499
A joint venture	326	–	–	–	–	–	326
An associate	16,132	–	–	262	–	–	16,394
Other comprehensive income/ (expense) for the year	70,306	2,206	–	262	(13,861)	–	58,913
<b>Total comprehensive (expense)/ income for the year</b>							
– attributable to owners of the company	<u>(237,311)</u>	<u>(972)</u>	<u>–</u>	<u>29,362</u>	<u>–</u>	<u>–</u>	<u>(208,921)</u>
(Loss)/earning per share							
– Basic and diluted (HK cents)	<u>(11.14)</u>	<u>(0.12)</u>	<u>–</u>	<u>1.06</u>	<u>0.50</u>	<u>–</u>	<u>(9.70)</u>

**Consolidated statement of financial position as at 31 March 2018**

	As previously reported HK\$'000	Effect of initial application of HKFRS 9 HK\$'000	Effect of prior year's adjustment			As restated HK\$'000
			(a) HK\$'000	(b) HK\$'000	(c) HK\$'000	
<b>Non-current assets</b>						
Equipment	948	-	-	-	-	948
Interests in associates	74,846	-	-	29,362	-	104,208
Loan to an associate	1,470	-	-	-	-	1,470
Club debentures	18,179	21,371	-	-	-	39,550
	<u>95,443</u>	<u>21,371</u>	<u>-</u>	<u>29,362</u>	<u>-</u>	<u>146,176</u>
<b>Current assets</b>						
Accounts receivable	53,750	-	-	-	-	53,750
Advances provided to customers	160,494	-	-	-	-	160,494
Prepayments, deposits and other receivables	3,614	-	-	-	-	3,614
Structured deposits	96,543	-	-	-	-	96,543
Short term bank deposits						
– with original maturity within three months	197,055	-	-	-	-	197,055
– with original maturity more than three months	72,164	-	-	-	-	72,164
Bank balances and cash	27,479	-	-	-	-	27,479
	<u>611,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>611,099</u>
<b>Current liabilities</b>						
Bills and other payables	185,333	-	-	-	-	185,333
Taxation	3,740	-	-	-	-	3,740
	<u>189,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,073</u>
<b>Net current assets</b>	<u>422,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>422,026</u>
<b>Total assets less current liabilities</b>	<u>517,469</u>	<u>21,371</u>	<u>-</u>	<u>29,362</u>	<u>-</u>	<u>568,202</u>
<b>Non-current liabilities</b>						
Redeemable convertible preference shares	6,382	-	-	-	-	6,382
	<u>6,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,382</u>
<b>NET ASSETS</b>	<u><u>511,087</u></u>	<u><u>21,371</u></u>	<u><u>-</u></u>	<u><u>29,362</u></u>	<u><u>-</u></u>	<u><u>561,820</u></u>
<b>Capital and reserves</b>						
Share capital	829,209	-	-	-	-	829,209
Translation reserve	(6,249)	2,206	-	262	(4,262)	(8,043)
Accumulated losses	(362,355)	22,165	-	29,100	4,262	(306,828)
Other reserves	50,482	(3,000)	-	-	-	47,482
	<u>511,087</u>	<u>21,371</u>	<u>-</u>	<u>29,362</u>	<u>-</u>	<u>561,820</u>
<b>Total equity</b>	<u><u>511,087</u></u>	<u><u>21,371</u></u>	<u><u>-</u></u>	<u><u>29,362</u></u>	<u><u>-</u></u>	<u><u>561,820</u></u>



**Consolidated statement of financial position as at 31 March 2017**

	As previously reported HK\$'000	Effect of initial application of HKFRS 9 HK\$'000	Effect of prior year's adjustment			As restated HK\$'000
			(a) HK\$'000	(b) HK\$'000	(c) HK\$'000	
<b>Non-current assets</b>						
Equipment	2,187	-	-	-	-	2,187
Interest in a joint venture	2,569	-	-	-	-	2,569
Interests in associates	185,526	-	-	-	-	185,526
Loan to an associate	1,470	-	-	-	-	1,470
Advances provided to customers	132,319	-	-	-	-	132,319
Club debentures	16,545	22,343	-	-	-	38,888
	<u>340,616</u>	<u>22,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>362,959</u>
<b>Current assets</b>						
Accounts receivable	14,955	-	-	-	-	14,955
Advances provided to customers	143,953	-	-	-	-	143,953
Prepayments, deposits and other receivables	1,912	-	-	-	-	1,912
Structured deposits	14,921	-	-	-	-	14,921
Short term bank deposits						
– with original maturity within three months	234,877	-	-	-	-	234,877
– with original maturity more than three months	19,101	-	-	-	-	19,101
Bank balances and cash	20,324	-	-	-	-	20,324
	<u>450,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,043</u>
<b>Current liabilities</b>						
Bills and other payables	36,371	-	-	-	-	36,371
Taxation	3,484	-	-	-	-	3,484
	<u>39,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,855</u>
<b>Net current assets</b>	<u>410,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,188</u>
<b>Total assets less current liabilities</b>	<u>750,804</u>	<u>22,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>773,147</u>
<b>Non-current liabilities</b>						
Redeemable convertible preference shares	5,550	-	-	-	-	5,550
	<u>5,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,550</u>
<b>NET ASSETS</b>	<u><u>745,254</u></u>	<u><u>22,343</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>767,597</u></u>
<b>Capital and reserves</b>						
Share capital	829,209	-	-	-	-	829,209
Translation reserve	(76,555)	-	-	-	9,599	(66,956)
Accumulated losses	(87,520)	25,343	-	-	(9,599)	(71,776)
Other reserves	80,120	(3,000)	-	-	-	77,120
<b>Total equity</b>	<u><u>745,254</u></u>	<u><u>22,343</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>767,597</u></u>

## 5. OPERATING SEGMENT INFORMATION

The Group's operating segments, identified on the basis of internal reports in relation to the 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) financial services business – factoring service segment: provision of factoring services; and
- (b) financial services business – financing service segment: provision of financing services.

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:

	<b>For the year ended 31 March 2019</b>		
	<b>Financial services business – factoring service HK\$'000</b>	<b>Financial services business – financing service HK\$'000</b>	<b>Total HK\$'000</b>
Revenue from contracts with customers:			
Recognised at a point in time	2,203	–	2,203
	<u>2,203</u>	<u>–</u>	<u>2,203</u>
Revenue from other sources	–	1,152	1,152
Interest revenue - financing and factoring services	9,979	–	9,979
	<u>9,979</u>	<u>–</u>	<u>9,979</u>
<b>Segment revenue</b>	<b><u>12,182</u></b>	<b><u>1,152</u></b>	<b><u>13,334</u></b>
<b>Segment results before impairment losses</b>	<b>7,798</b>	<b>(1,384)</b>	<b>6,414</b>
Impairment loss on accounts receivable	–	(64,103)	(64,103)
(Impairment loss)/reversal of impairment loss on advances provided to customers	(151,163)	17,877	(133,286)
	<u>(151,163)</u>	<u>17,877</u>	<u>(133,286)</u>
Segment results	<b><u>(143,365)</u></b>	<b><u>(47,610)</u></b>	<b><u>(190,975)</u></b>
Unallocated other income			12,925
Central administration costs			(24,247)
Net exchange gain			8,080
Fair value gain on financial assets at fair value through profit or loss			3,212
Finance costs			(957)
Share of loss of associates			(38,082)
			<u>(38,082)</u>
Loss before taxation			<b><u>(230,044)</u></b>

	For the year ended 31 March 2018		
	Financial services business – factoring service <i>HK\$' 000</i>	Financial services business – financing service <i>HK\$' 000</i> (Restated)	Total <i>HK\$' 000</i> (Restated)
Revenue from contracts with customers:			
Recognised at a point in time	2,152	–	2,152
	<u>2,152</u>	<u>–</u>	<u>2,152</u>
Revenue from other sources	–	476	476
Interest revenue - financing and factoring services	11,492	3,863	15,355
	<u>11,492</u>	<u>3,863</u>	<u>15,355</u>
<b>Segment revenue</b>	<b><u>13,644</u></b>	<b><u>4,339</u></b>	<b><u>17,983</u></b>
<b>Segment results before impairment losses</b>	<b>9,407</b>	<b>2,132</b>	<b>11,539</b>
Impairment losses on advances provided to customers	–	(137,273)	(137,273)
	<u>–</u>	<u>(137,273)</u>	<u>(137,273)</u>
Segment results	<b><u>9,407</u></b>	<b><u>(135,141)</u></b>	<b>(125,734)</b>
Unallocated other income			9,852
Reversal of impairment loss on interest in an associate			21,930
Central administration costs			(27,638)
Net exchange loss			(13,392)
Fair value loss on financial assets at fair value through profit or loss			(3,178)
Finance costs			(832)
Share of loss of a joint venture			(2,895)
Share of loss of associates			<u>(123,445)</u>
Loss before taxation			<b><u>(265,332)</u></b>

Segment results represent the profit/(loss) earned by each segment, without allocation of financial assets at fair value through profit or loss, reversal of impairment loss on interest in an associate, central administration costs, other income (primarily certain interest income from bank deposits), net exchange (loss)/gain, finance costs, share of loss of a joint venture and share of loss of associates. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

## Segment assets and liabilities

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

	As at 31 March 2019		Total <i>HK\$'000</i>
	Financial services business – factoring service <i>HK\$'000</i>	Financial services business – financing service <i>HK\$'000</i>	
<b>Assets</b>			
Segment assets	<u>529</u>	<u>88,421</u>	88,950
Interests in associates			72,177
Loan to an associate			1,470
Unallocated assets			<u>253,726</u>
Total assets			<u>416,323</u>
<b>Liabilities</b>			
Segment liabilities	<u>282</u>	<u>85,808</u>	86,090
Unallocated liabilities			<u>33,534</u>
Total liabilities			<u>119,624</u>
	As at 31 March 2018		Total <i>HK\$'000</i> (Restated)
	Financial services business – factoring service <i>HK\$'000</i>	Financial services business – financing service <i>HK\$'000</i> (Restated)	
<b>Assets</b>			
Segment assets	<u>161,271</u>	<u>217,221</u>	378,492
Interests in associates			104,208
Loan to an associate			1,470
Unallocated assets			<u>273,105</u>
Total assets			<u>757,275</u>
<b>Liabilities</b>			
Segment liabilities	<u>3,539</u>	<u>160,723</u>	164,262
Unallocated liabilities			<u>31,193</u>
Total liabilities			<u>195,455</u>

For the purposes of monitoring segment performance and allocating resources between segments, the CODM monitors the tangible and financial assets attributable to each segment. All assets are allocated to reportable segments other than interests in associates, loan to an associate, 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.

### Other segment information

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

	For the year ended 31 March 2019			
	Financial services business – factoring service <i>HK\$'000</i>	Financial services business – financing service <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Expenditure for reportable segment non-current assets	–	–	12	12
Depreciation of equipment	79	12	321	412
	<u>79</u>	<u>12</u>	<u>321</u>	<u>412</u>
	For the year ended 31 March 2018			
	Financial services business – factoring service <i>HK\$'000</i>	Financial services business – financing service <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Expenditure for reportable segment non-current assets	–	–	2	2
Depreciation of equipment	349	91	891	1,331
	<u>349</u>	<u>91</u>	<u>891</u>	<u>1,331</u>

### Geographical information

Revenue reported above represents income generated from external customers located in the PRC of HK\$13,334,000 (2018:HK\$14,120,000), income generated from external customers located outside the PRC of HK\$Nil (2018: HK\$3,863,000).

As at 31 March 2019, non-current assets other than financial instruments and interests in associates of HK\$197,000 (2018: HK\$306,000) and HK\$255,000 (2018: HK\$642,000) were located in the PRC and Hong Kong, respectively.

### Information about major customers

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
Customer A in the factoring service segment	8,887	11,682
Customer B in the factoring service segment	2,617	N/A <sup>1</sup>
Customer C in the financing service segment	N/A <sup>1</sup>	3,863

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

## 6. REVENUE

The Group's revenue represents the net invoiced value of services rendered. An analysis of the Group's revenue is as follows:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
<b>Revenue from contracts with customers</b>		
Factoring service income	<u>2,203</u>	<u>2,152</u>
<b>Revenue from other sources</b>		
Income from financing service	<u>1,152</u>	<u>476</u>
	<b><u>3,355</u></b>	<b><u>2,628</u></b>
<b>Interest revenue – financing and factoring services</b>		
Interest income from financing service	–	3,863
Interest income from factoring service	<u>9,979</u>	<u>11,492</u>
	<b><u>9,979</u></b>	<b><u>15,355</u></b>

Services to customers are normally made with credit terms of 60 days.

Disaggregation of revenue from contracts with customers:

<b>Segments</b>	<b>Factoring service income HK\$'000</b>	<b>2019 Total HK\$'000</b>
<b>For the year ended 31 March 2019</b>		
Geographical markets		
The PRC	<u>2,203</u>	<u>2,203</u>
Timing of revenue recognition		
At a point in time	<u>2,203</u>	<u>2,203</u>
<b>For the year ended 31 March 2018</b>		
Geographical markets		
The PRC	<u>2,152</u>	<u>2,152</u>
Timing of revenue recognition		
At a point in time	<u>2,152</u>	<u>2,152</u>

## 7. LOSS BEFORE TAXATION

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
The Group's loss before taxation is stated after charging/(crediting) the following:		
Salaries, allowances and other benefits	13,422	15,478
Retirement benefit scheme contributions	560	659
Equity-settled share-based payment expenses	<u>2,144</u>	<u>3,144</u>
Total staff costs (including directors' remuneration)	<u>16,126</u>	<u>19,281</u>
Auditor's remuneration		
– Audit service		
Former auditor	1,250	625
Current auditor	1,290	–
– Non-audit services	319	515
Depreciation	412	1,331
Gain on disposal of equipment (included in other income)	(242)	–
Net exchange (gain)/loss	(8,080)	13,392
Operating lease rentals in respect of properties	5,990	6,006
Impairment loss on accounts receivable	64,103	–
Impairment loss on advances provided to customers	133,286	137,273
Fair value (gain)/loss on financial assets at fair value through profit or loss	(3,212)	3,178
Reversal of impairment loss on interest in an associate	<u>–</u>	<u>(21,930)</u>

## 8. TAXATION

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
The charge comprises:		
Current tax		
Enterprise Income Tax in the PRC		
– Provision for the current year	3,173	2,502
– Under provision in prior year	<u>7</u>	<u>–</u>
	<u>3,180</u>	<u>2,502</u>

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

Pursuant to the approval of the tax bureau, in accordance with the Enterprise Income Tax Law of the PRC (the "EIT Law"), all subsidiaries in the PRC are subject to the tax rate of 25% during both years.

## 9. DIVIDENDS

The Directors do not recommend the payment of dividend for the year ended 31 March 2019 (2018: nil).

## 10. 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:

	<b>2019</b> <b>HK\$'000</b>	2018 HK\$'000 (Restated)
<b>Loss:</b>		
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to owners of the Company)	<u>(233,224)</u>	<u>(267,834)</u>
<b>Number of shares (in thousand):</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>2,761,913</u>	<u>2,761,913</u>

*Note:* The computation of diluted loss per share for the years ended 31 March 2019 and 2018 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 years.

## 11. ACCOUNTS RECEIVABLE

	<b>2019</b> <b>HK\$'000</b>	2018 HK\$'000
Accounts receivable	<b>66,022</b>	53,750
Less: Impairment loss recognised on accounts receivable	<u>(64,103)</u>	<u>—</u>
	<u><b>1,919</b></u>	<u>53,750</u>

The Group normally allows credit period for trade customers of 60 days (2018: 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 aged over 60 days. At the end of the reporting period, the accounts receivable were all past due.

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

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Advances provided to customers	<b>341,747</b>	355,027
Less: Impairment allowances	<b>(324,420)</b>	(194,533)
	<b>17,327</b>	160,494
Less: Amounts shown under current assets	<b>(17,327)</b>	(160,494)
Amount due after one year	<b>–</b>	–

As at 31 March 2019, the advances provided to customers, which bore fixed interest at a rate of not more than 23.0% (2018: 16.8%) per annum, were repayable according to the terms stipulated in the loan agreements and factoring facility agreements. Included in the balances, an aggregate amount of approximately HK\$17,327,000 was secured by 38,503,380 ordinary shares of China Rongzhong (2018: approximately HK\$160,494,000 was secured by assets such as accounts receivable and bank's acceptance bills).

## 13. BILLS AND OTHER PAYABLES

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Bills payable	<b>84,215</b>	160,633
Other payables	<b>24,207</b>	24,700
	<b>108,422</b>	185,333

Bills payable were normally required to be settled within six months and secured by certain assets as disclosed in Note 14. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

## 14. PLEDGE OF ASSETS

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

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Structured deposits	<b>86,065</b>	89,136
Short term bank deposits with original maturity more than three months	<b>147</b>	72,164
	<b>86,212</b>	161,300

## 15. EVENTS AFTER REPORTING PERIOD

### (a) Grant of share options

On 18 April 2019, the Company granted 52,000,000 share options (“Share Options”) under its share option scheme adopted on 31 August 2012 (the “2012 Share Option Scheme”) to certain eligible persons (as defined in the 2012 Share Option Scheme) to subscribe for ordinary shares of the Company. The option period of the Share Options granted commenced on the date of grant (i.e. 18 April 2019) and expires on the tenth anniversary of the date of grant. The Share Options granted will be vested in respect of their underlying shares on the third anniversary of the date of grant.

Further details of the grant of Share Options are set out in the announcement of the Company dated 18 April 2019.

### (b) Investigation

On 25 June 2019, the Former Auditor issued a letter to the Audit Committee, in which the Former Auditor requested the Audit Committee to undertake the Investigation in respect of the trading transactions in chemical products (the “Trading Business”) by Shanghai Goldbond involving an aggregate overdue account receivables for the Group in the amount of approximately RMB57,000,000 (equivalent to approximately HK\$65,000,000).

On 18 July 2019, the Independent Firm was engaged to conduct the Investigation. The Independent Firm issued a first report on the Investigation (the “Investigation Report”) to the Audit Committee on 31 January 2020. The Audit Committee engaged the Independent Firm to conduct certain extended procedures relevant to the Investigation on 19 March 2020 (the “Supplemental Investigation”) and the Independent Firm issued a final report on the Supplemental Investigation (the “Supplemental Investigation Report”) on 4 September 2020 to the Audit Committee.

Details of the key findings of the Investigation Report and Supplemental Investigation Report are set out in the announcements of the Company dated 31 January 2020 and 4 September 2020, respectively.

### (c) Acquisition of Optimus Financial Group Limited

On 26 June 2020, Goldbond Investment Group Limited (“Goldbond Investment”), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with the Quan Tai Limited (the “Vendor”), pursuant to which Goldbond Investment has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, 17,110,500 issued shares of Optimus Financial Group Limited (the “Target Company”), representing 51% of the total issued share capital of the Target Company (the “Acquisition”).

The Target Company and its subsidiary are principally engaged in financial leasing and provision of property and automobile financial lease services in Shanghai and Jiangsu Province, the PRC. The completion of the Acquisition took place on 30 June 2020. Upon completion of the Acquisition, the Target Company and its subsidiaries have become non wholly-owned subsidiaries of the Company.

The Acquisition constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Further details of the Acquisition are set out in the announcement of the Company dated 26 June 2020.

**(d) Other business updates**

As disclosed in the announcement of the Company dated 26 June 2020, in April 2020, the Group has formed a subsidiary in Shenzhen, the PRC (the “SZ Subsidiary”) with a local non-controlling shareholder (the “Local Partner”), which is an independent third party to the Company and its connected persons (as defined under the Listing Rules). The SZ Subsidiary is engaged in the provision of property technology services, which uses and integrates software (e.g. programs and algorithms), hardware (e.g. internet-connected sensors and devices) and data to help individuals, landlords and property managers better manage and optimise the usage of their real estate, which is expected to capture the growing demand for property technology services in the PRC. The SZ Subsidiary shall be operated by the Group and the Local Partner where the Group shall contribute its development resources and business network while the Local Partner shall contribute its technology and brand resources, respectively. In addition, since April 2020, the Group has expanded into the business of car operating lease in Huzhou City, Zhejiang province, the PRC.

In addition, as disclosed in the announcements of the Company dated 4 September 2020 and 25 September 2020, the Audit Committee, after having reviewed the key findings of the Supplemental Investigation Report, has recommended the Board to consider disposing of the Trading Business with a view to terminate the Trading Business (which has already been suspended since January 2019) and for the Group to focus on its principal business, and such recommendation has been considered and endorsed by the Board. No definitive agreement has been entered into by the Group in this regard as at the date of this announcement.

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT ON THE COMPANY’S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

ZHONGHUI ANDA CPA Limited has expressed qualified opinion on the audited consolidated financial statements of the Group for the financial year ended 31 March 2019, an extract of which is as follows:

### **Qualified Opinion**

We have audited the consolidated financial statements of Goldbond Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

### **Basis for Qualified Opinion**

#### **1. *Interests in associates***

Included in the consolidated statement of financial position as at 31 March 2018 and 1 April 2017 were interest in an associate with carrying amounts of approximately HK\$100,941,000 and HK\$185,510,000, respectively. Share of loss of this associate of approximately HK\$122,893,000 and reversal of impairment loss on interest in an associate of approximately HK\$21,930,000 were recognised for the year ended 31 March 2018 respectively. Share of loss of this associate of HK\$38,291,000 was recognised for the year ended 31 March 2019.

We have been unable to obtain sufficient appropriate audit evidence to ascertain the carrying amount of aforesaid balances as at 31 March 2018 and and 1 April 2017. There were no other satisfactory audit procedures that we could perform to satisfy ourselves whether the aforesaid balances were fairly stated as at 31 March 2018 and and 1 April 2017 and we have not been provided with sufficient appropriate audit evidence on the share of loss of this associate and reversal of impairment loss on interest in an associate recorded in the year ended 31 March 2018 and thus the consequential effect on the share of loss of this associate recorded in the year ended 31 March 2019.

## **2. Revenue**

Included in the revenue for the years ended 31 March 2018 and 2019 are income from financing service of approximately HK\$476,000 and HK\$1,152,000, respectively. We have been unable to obtain sufficient appropriate audit evidence to ascertain the nature of transactions. There were no other satisfactory audit procedures that we could perform to satisfy ourselves whether the aforesaid amount were properly recorded for the years ended 31 March 2018 and 2019.

Any adjustments to the figures as described from points 1 to 2 above might have a consequential effect on the Group's financial performance and cash flows for the years ended 31 March 2019 and 2018 and the financial position of the Group as at 31 March 2018, and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## BUSINESS REVIEW

For the year ended 31 March 2019, the Group continued to be principally engaged in the provision of financial services business including financing and factoring services in Hong Kong and the PRC and held interests in associates.

### Core business

#### *Financial services business - Financing*

During the year ended 31 March 2019, the financing services segment realised revenue of approximately HK\$1.2 million (2018: approximately HK\$4.3 million). The segment result before impairment loss decreased by approximately HK\$3.5 million or 164.9% to loss of approximately HK\$1.4 million (2018: profit of approximately HK\$2.1 million) for the Year. The decrease in revenue was mainly attributable to the fact that the Group has changed its operation strategy and reduced the scale of the business in the small loan financing which resulted in no new small loan having been granted during the Year. For the year ended 31 March 2019, a net impairment loss of approximately HK\$46.2 million was recognised, details of which are set out below. As a result, the segment recorded a loss of approximately HK\$47.6 million (2018: approximately HK\$135.1 million) for the Year.

#### – *Small loan financing*

The Group was engaged in small loan financing business through Yancheng Goldbond Technology Small Loan Company Limited (“Yancheng Goldbond”), established in Yancheng, Jiangsu Province, the PRC. 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 by taking a very cautious approach in granting loans. The revenue from the small loan financing business further dropped to zero as no new small loan has been granted during the Year. The Group also decided to further reduce the investment in the small loan financing sector and the capital reduction of Yancheng Goldbond in the amount 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 financial services business and operating lease business.

#### – *Loan to Yong Hua International Ltd*

As disclosed in the interim report of the Company for the six months ended 30 September 2018 (the “2018/19 Interim Report”), Solomon Glory Limited, a wholly-owned subsidiary of the Company (“Solomon Glory”) has commenced legal proceedings against Yong Hua International Limited (“Yong Hua”) and Mr. Xie Xiaoqing (“Mr. Xie”) pursuant to a term loan facility in the principal amount of approximately 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. The Group has obtained a garnishee order in respect of a bank account of Mr. Xie and recovered approximately HK\$0.3 million. A 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.

Given that during the Year, (i) the charging order was granted by the court in Hong Kong in favour of Solomon Glory for issued shares of China Rongzhong; and (ii) the garnishee order was obtained and the amount was recovered, a reversal of impairment loss on advances provided to customers amounting to approximately HK\$17.6 million was recognised for the year ended 31 March 2019.

### ***Financial services business - Factoring***

The Group's factoring business is conducted through Jiangsu Goldbond Factoring Co., Ltd ("Jiangsu Goldbond"), 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 reporting 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.

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.

During the year ended 31 March 2019, the factoring service segment realised revenue of approximately HK\$12.2 million (2018: approximately HK\$13.6 million). The segment result before impairment loss decreased by approximately HK\$1.6 million or 17.1% to profit of approximately HK\$7.8 million (2018: approximately HK\$9.4 million) for the Year. For the year ended 31 March 2019, a net impairment loss of approximately HK\$151.2 million was recognised, details of which are set out below. As a result, the segment recorded a loss of approximately HK\$143.4 million (2018: profit of approximately HK\$9.4 million) for the Year.

#### ***Impairment loss on advance provided to Shenzhen Huarongfeng Group Co. Ltd.***

On 17 June 2017, Jiangsu Goldbond, entered into a revolving factoring facility agreement with the borrower, Shenzhen Huarongfeng Group Co. Ltd.\* 深圳市華榮豐實業(集團)有限公司 ("Shenzhen Huarongfeng"), a company established in the PRC; and the guarantor, China Huayang Economic and Trading Group Co. Ltd.\* 中國華陽經貿集團有限公司 ("China Huayang"), which is a company established in the PRC and listed in Shanghai Stock Exchange (上海證券交易所). Jiangsu Goldbond agreed to provide recourse factoring facility up to RMB100 million (equivalent to approximately HK\$116.3 million) to Shenzhen Huarongfeng for a fixed term of two years. As disclosed in the 2018/19 Interim Report, it had come to the Board's attention that China Huayang had defaulted on repayment of certain bonds and was sued by its debtors.

The Board, after taking into account (i) several debentures of China Huayang are in default and the debtors have initiated legal proceedings against China Huayang; (ii) China Huayang is currently in the process of debt restructuring but no debt restructuring plan is finalized at this stage; (iii) there are at least eight debtors of China Huayang that have claimed their rights through legal procedures and Jiangsu Goldbond's position is rather behind from those debtors and (iv) the valuation result from the Independent valuer, Integrity Appraisal Asia Limited, considered that the chance of recovering the debt due and owing by them was low. Accordingly, an impairment loss on the advance provided to customers of approximately HK\$116.3 million was recognised for the Year.

*Impairment loss on advance provided to Sichuan Xinju Emerging Advanced Materials Technology Co. Ltd.\* 四川鑫炬新興新材料科技有限公司 (“Sichuan Xinju”)*

On 18 December 2017, Jiangsu Goldbond, entered into a factoring service agreement (“Factoring Service Agreement”) with Sichuan Xinju, a company established in the PRC with limited liability, whereby Jiangsu Goldbond has conditionally agreed to acquire the electronic commercial drafts (“Electronic Commercial Drafts”), from Sichuan Xinju at a consideration of RMB30 million (equivalent to approximately HK\$34.9 million). The Electronic Commercial Drafts were issued by CECEP Industrial Energy Conservation Co., Ltd (“CECEP”), is a subsidiary of China Energy Conservation and Environmental Protection Group\* 中國節能環保集團公司 (“CECEPG”), which is a state level enterprise specialised in industrial energy-saving and emission reduction. The Electronic Commercial Drafts have a maturity date falling on 1 December 2018 and were to be transferred by Sichuan Xinju to Jiangsu Goldbond pursuant to the arrangement set out in the Factoring Service Agreement.

On 1 December 2018, Sichuan Xinju failed to transfer the Electronic Commercial Drafts with face value of RMB30 million to Jiangsu Goldbond. Subsequently, on 12 December 2018, Jiangsu Goldbond commenced legal proceeding against Sichuan Xinju and CECEP. On 18 September 2020, a judgment was issued by the relevant PRC court under which Sichuan Xinju and CECEP were ordered to compensate Jiangsu Goldbond (i) the face value of the Electronic Commercial Drafts in the amount of RMB30 million; (ii) the interest incurred therefrom; and (iii) the litigation fee.

The Board, after taking into account that (i) the valuation result from the independent valuer, Integrity Appraisal Asia Limited; and (ii) the ability of CECEP to repay was in doubt, considered that the chance of recovering the debt due and owing by them was low. Accordingly, an impairment loss on advance provided to customers of approximately HK\$34.9 million was recognised for the Year.

## **Investments**

### ***Interest in an associate: 34.86% of China Rongzhong***

China Rongzhong and its subsidiaries (“China Rongzhong Group”), is primarily engaged in finance leasing business through Rongzhong International Financial Leasing Co., Ltd., which provides finance lease services to customers in Hubei Province, the PRC.

Based on publicly available information, the revenue of China Rongzhong Group for the Year was approximately HK\$70.8 million (2018: approximately HK\$128.5 million), which decreased by approximately HK\$57.7 million or 44.9% compared to previous year. China Rongzhong Group experienced high level of impairment loss on its finance lease receivables in the amount of approximately HK\$100.8 million for the Year (2018: approximately HK\$398.9 million). As a result, China Rongzhong Group reported a net loss attributable to the owners of the Company of approximately HK\$91.4 million (2018: approximately HK\$352.5 million). The Group’s share of loss of China Rongzhong Group for the Year was approximately HK\$31.9 million (2018: approximately HK\$122.9 million).

The annual report of China Rongzhong is available for viewing and downloading from the website of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at <http://www.hkexnews.hk> and the website of China Rongzhong at <http://www.chinarzfh.com>.

\* *English translated name is for identification purpose only*



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 the investment in China Rongzhong as at 31 March 2019 and 2018 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 the Stock Exchange as at 29 March 2019 was approximately HK\$64.7 million (29 March 2018: approximately HK\$138.1 million). In determining the value in use of the investment as at 31 March 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 estimated terminal value at a discount rate of 23.4% as the year ended 31 March 2018. Based on the assessment as at 31 March 2018, the recoverable amount of China Rongzhong based on fair value less costs of disposal amounted to approximately HK\$138.1 million is higher than its carrying amount. Hence, a reversal of impairment loss of approximately HK\$21,930,000 on the interest in China Rongzhong was recognised. As at 31 March 2019, the recoverable amount of China Rongzhong is higher than its carrying amount. No impairment had been recognised.

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

The Fund sold its first real estate investment in Los Angeles in the United States of America with a successful closing in the Year. An investment in real estates of US\$10.5 million was made in November 2018. The Fund is managed by the Fund Manager. The Fund 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 loss of the Fund for the Year was approximately HK\$0.1 million (2018: share of loss of approximately HK\$0.1 million) while its share of profit of the Fund Manager was approximately HK\$0.3 million (2018: share of loss of approximately HK\$0.4 million).

## **OUTLOOK**

The Group’s financial services businesses have remained challenging during the Year. The trade dispute between the United States of America and the PRC in recent months has added new uncertainties and variables to the outlook of world economy and global financial markets. In addition, the Group suspended its business of trading transactions in chemical products in January 2019. The Group will be more cautious on the counterparties’ ability on resisting fluctuation in the market when exploring new opportunities in the financing businesses.

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

## **FINANCIAL REVIEW**

### **Revenue**

The Group realised revenue for the Year of approximately HK\$3.4 million, representing an increase of approximately HK\$0.7 million or 27.7% as compared to the previous year. The increase was mainly contributed by the increase in revenue derived from the financing business of the Group of approximately HK\$1.2 million (2018: approximately HK\$0.5 million).

## **Interest revenue – financing and factoring services**

The Group realised interest revenue from financing and factoring services for the Year of approximately HK\$10.0 million, representing a decrease of approximately HK\$5.4 million or 35.0% as compared to the previous year. The decrease was mainly due to no interest income was recognised by the Group from financing service (2018: approximately HK\$3.9 million).

## **Staff costs**

Staff costs of the Group amounted to approximately HK\$16.1 million, representing a decreased by approximately HK\$3.2 million or 16.6% compared to the previous year. Such decrease was mainly attributable to the decrease in staff salaries and share option expenses.

## **Other operating expenses**

Other operating expenses were approximately HK\$15.3 million, representing a decreased by approximately HK\$13.0 million or 45.9% compared to the previous year. The decrease was mainly attributable to the decrease in exchange loss as a result of the appreciation of Hong Kong dollar against RMB.

## **Share of loss of a joint venture**

The Group shared loss of a joint venture, Rongzhong Group Limited, of HK\$Nil for the Year (2018: approximately 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 approximately HK\$38.3 million (2018: approximately HK\$122.9 million) and share of loss of the Fund of approximately HK\$0.1 million (2018: approximately HK\$0.1 million), offset by the share of profit of the Fund Manager of HK\$0.3 million (2018: loss of approximately HK\$0.4 million).

## **Loss for the Year attributable to the owners of the Company**

As a result of the foregoing, loss for the Year attributable to the owners of the Company was approximately HK\$233.2 million (2018: approximately HK\$267.8 million).

## **Other comprehensive (expense)/income for the Year**

Other comprehensive expense for the Year represented exchange differences arising on translation to presentation currency of approximately HK\$34.0 million (2018: other comprehensive income of approximately HK\$58.9 million).

## **Liquidity, financial resources and capital structure**

The Group always seeks to maintain a healthy liquid position and retain sufficient capital for business development. The Group generally finances its operations through its internal resources. As at 31 March 2019, the aggregate sum of cash, bank balances and short term bank deposits amounted to approximately HK\$195.2 million (2018: approximately 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 approximately HK\$192.2 million (2018: approximately HK\$422.0 million) and approximately HK\$296.7 million (2018: approximately HK\$561.8 million) respectively. No gearing ratio was calculated as the Group had no debt as at 31 March 2019.

## Key Financial Ratio – Net asset value per share

	2019	2018
Net asset value per share (HK cents)	10.7	20.3

The decrease in the net asset value per share in the Year was mainly contributed by impairment losses on advances provided to customers and accounts receivable and share of loss of China Rongzhong.

## Charges on group assets

As at 31 March 2019, structured deposits of approximately HK\$86.1 million and short term bank deposits with original maturity more than three months of approximately HK\$0.1 million were pledged to two banks to comply with the deposit requirement for the issuance of bills payable by the Group.

## Contingent liabilities

As at 31 March 2019, there was no contingent liability.

## Future plans for material investments

Save as disclosed in this announcement, there was no other specific plan for material investments or capital assets as at 31 March 2019.

## Subsequent events

Events subsequent to 31 March 2019 are set out in note 15 to the consolidated financial statements in this announcement.

## Employees and remuneration policy

As at 31 March 2019, the Group had 27 staff located in both Hong Kong and the PRC. 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 directors and 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 the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC 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.

## **Dividend**

The Board did not recommend the payment of dividend for the Year (2018: nil).

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

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

## **CORPORATE GOVERNANCE**

The Board is committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. Save as disclosed below, the Company has applied the principles and complied with all code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the Year. In respect of code provision E.1.2 of the CG Code, Mr. Wang Jun did not attend the annual general meeting of the Company held on 27 September 2018 (the "AGM") due to health reason. Mr. Wang Jun was the Chairman and executive Director at the time of the AGM and he retired from both positions after the conclusion of the AGM.

Nevertheless, all other Directors at the relevant time (including Mr. Wong Yu Lung, Charles, the then deputy Chairman of the Company who has been performing the role of Chairman after the conclusion of the AGM) had attended the AGM to answer questions and collect views of the shareholders of the Company.

## **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **AUDIT COMMITTEE AND AUDITOR**

The Audit Committee of the Company has reviewed the Group's annual results for the year ended 31 March 2019. The Audit Committee consists of three independent non-executive Directors, namely, Mr. Cheng Yuk Wo, Mr. Ma Ho Fai (GBS JP) and Mr. Yeh Shing Hang Kevin Arthur. The Audit Committee is chaired by Mr. Cheng Yuk Wo who possesses professional accounting qualification. The primary duties of the Audit Committee of the Company are to assist the Board to fulfill the functions of reviewing and monitoring the financial reporting procedure and internal control of the Company and to perform other duties and responsibilities as assigned by the Board. The figures in respect of this announcement of the Group's results for the year ended 31 March 2019 have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA"), to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by ZHONGHUI ANDA in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by ZHONGHUI ANDA on this preliminary result announcement.

## **PUBLICATION ON ANNUAL RESULTS AND ANNUAL REPORT**

This audited annual results announcement is available for viewing on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and on the website of the Company at <http://www.goldbondgroup.com/en/>. The annual report for the year ended 31 March 2019 of the Company will be despatched to the shareholders of the Company in due course, and will be made available for viewing at the aforesaid websites.

## **CONTINUED SUSPENSION OF TRADING**

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 28 June 2019 and will remain suspended until further notice.

**Shareholders of the Company and potential investors should exercise extreme caution when dealing in the shares of the Company.**

By order of the Board  
**Goldbond Group Holdings Limited**  
**Wong Yu Lung Charles**  
*Chairman*

Hong Kong, 19 October 2020

*As at the date of this announcement, the Board comprises Mr. Wong Yu Lung, Charles and Ms. Wong, Michelle Yatyee (all being executive directors of the Company), Mr. Ma Ho Fai GBS JP, Mr. Cheng Yuk Wo and Mr. Yeh Shing Hang Kevin Arthur (all being independent non-executive directors of the Company).*