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 2019

The board of directors (the "Board") of Goldbond Group Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2019 (the "Period") together with the restated comparative figures for the six months ended 30 September 2018. The restatement is due to the prior year adjustments which have been disclosed in the Company's annual results for the year ended 31 March 2019. The results have been reviewed by the Company's auditor, ZHONGHUI ANDA CPA Limited, and by the Company's audit committee (the "Audit Committee").

FINANCIAL HIGHLIGHTS

	1 April 2019 to 30 September 2019 *HK$'000* **(Unaudited)**	1 April 2018 to 30 September 2018 *HK$'000* (Unaudited) (Restated)
OPERATING RESULTS		
Revenue	**57**	2,950
Interest revenue - financing and factoring services	**5**	7,033
Loss for the period	**(10,326)**	(15,996)
Loss for the period attributable to owners of the Company	**(10,326)**	(15,996)
Total comprehensive expense for the period attributable to owners of the Company	**(21,413)**	(60,870)
Basic loss per share	**HK(0.37) cents**	HK(0.58) cents

FINANCIAL POSITION

	30 September 2019 *HK$'000* **(Unaudited)**	31 March 2019 *HK$'000* (Audited)
Equity attributable to owners of the Company	**275,562**	296,699

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Notes	Six months ended 30 September 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited) (Restated)
REVENUE	*6*	**57**	2,950
Interest revenue – financing and factoring services	*6*	**5**	7,033
Interest revenue – bank interest income		**2,986**	6,968
Other income		**3,825**	10,354
Staff costs		**(5,736)**	(8,066)
Other operating expenses		**(9,369)**	(6,169)
Impairment loss on advances provided to customers, net		**(1,540)**	–
Finance costs		**(710)**	(462)
Share of profit/(loss) of associates		**49**	(26,052)
LOSS BEFORE TAXATION	*7*	**(10,433)**	(13,444)
Taxation	*8*	**107**	(2,552)
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(10,326)**	(15,996)
Other comprehensive (expense)/income after tax			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation to presentation currency attributable to:			
The Group		**(17,586)**	(50,426)
Items that may be reclassified to profit or loss:			
Exchange differences on translation to presentation currency attributable to:			
The Group		**8,912**	13,379
An associate		**(2,413)**	(7,827)
Other comprehensive expenses for the period		**(11,087)**	(44,874)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(21,413)**	(60,870)
LOSS PER SHARE			
– Basic and diluted	*10*	**HK(0.37) cents**	HK(0.58) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2019

	Notes	30 September 2019 HK$'000 (Unaudited)	31 March 2019 HK$'000 (Audited)
Non-current assets			
Equipment	11	**201**	452
Right-of-use assets		**12,230**	–
Interests in associates		**74,905**	72,177
Club debentures		**38,664**	40,463
		126,000	113,092
Current assets			
Accounts receivable	12	**1,167**	1,919
Advances provided to customers	13	**16,053**	17,327
Loan to an associate		**1,470**	1,470
Prepayments, deposits and other receivables		**2,596**	1,205
Structured deposits		**–**	86,065
Short term bank deposits			
– with original maturity within three months		**160,820**	163,756
– with original maturity more than three months		**102**	11,809
Bank balances and cash		**16,437**	19,680
		198,645	303,231
Current liabilities			
Bills and other payables	14	**25,549**	108,422
Lease liabilities		**4,873**	–
Taxation		**2,208**	2,642
		32,630	111,064
Net current assets		**166,015**	192,167
Total assets less current liabilities		**292,015**	305,259
Non-current liabilities			
Security deposits		**1,167**	1,221
Lease liabilities		**7,417**	–
Redeemable convertible preference shares		**7,869**	7,339
		16,453	8,560
NET ASSETS		**275,562**	296,699
Capital and reserves			
Share capital		**829,209**	829,209
Reserves		**(553,647)**	(532,510)
Total equity		**275,562**	296,699

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 condensed 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 unaudited condensed consolidated interim financial statements ("Interim Financial Statement") have been prepared in accordance with Hong Kong Accounting Standard 34 ("Interim Financial Reporting") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures requirements sets out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Interim Financial Statements do not included all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group's 2019 annual consolidated financial statements for the year ended 31 March 2019 ("2019 Annual Report"). The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in 2019 Annual Report except as stated below.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land and buildings	1 to 3 years

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

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

In the current period, 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 2019. 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 financial statements and amounts reported for the current period and prior years, except as stated below.

HKFRS 16

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under HKAS 17 "Leases", resulted in changes in the consolidated amounts reported in the consolidated financial statement as follows:

	HK$' 000
Increase in right-of-use assets	213
Increase in lease liabilities	(213)

The reconciliation of operating lease commitment to lease liabilities as at 1 April 2019 is set out below:

	HK$' 000
Operating lease commitment at 31 March 2019:	874
Less:	
Commitment relating to leases with a remaining lease term ending on or before 30 September 2019	(637)
Discounting of 4.17%	(24)
Lease liabilities as at 1 April 2019	213

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

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 report 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 by the directors of the Company 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$198,658,000 to revenue for the six months ended 30 September 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 amount 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. Accordingly, exchange differences on translation to presentation currency attributable to an associate amounting to approximately HK$2,336,000 have been recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2018.

(c) Foreign currencies

In previous periods, 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 arises from the investment in subsidiaries, an amount totaling approximately HK$13,817,000 was recognised in the condensed consolidated statement of profit or loss for the six months ended 30 September 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 period of approximately HK$13,817,000 to other comprehensive income of approximately HK$13,817,000 for the six months ended 30 September 2018.

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 condensed consolidated financial statement of comprehensive income as previously reported for the six months ended 30 September 2018 as previously reported:

Condensed consolidated statement of comprehensive income for the six months ended 30 September 2018

	As previously reported	Effect of initial application of HKFRS 9	Effect of prior year's adjustment			Effect of initial application of HKFRS 15	As restated
			(a)	(b)	(c)		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	208,641	–	(198,658)	–	–	(7,033)	2,950
Interest revenue – financing and factoring service	–	–	–	–	–	7,033	7,033
Interest revenue – bank interest income	–	–	–	–	–	6,968	6,968
Other income	31,139	–	–	–	(13,817)	(6,968)	10,354
Cost of sales of trading business	(198,658)	–	198,658	–	–	–	–
Staff costs	(8,066)	–	–	–	–	–	(8,066)
Other operating expenses	(6,169)	–	–	–	–	–	(6,169)
Finance costs	(462)	–	–	–	–	–	(462)
Share of loss of associates	(19,627)	(6,425)	–	–	–	–	(26,052)
Loss before taxation	6,798	(6,425)	–	–	(13,817)	–	(13,444)
Taxation	(2,552)	–	–	–	–	–	(2,552)
Profit/(loss) for the period							
– attributable to owners of the company	4,246	(6,425)	–	–	(13,817)	–	(15,996)
Other comprehensive income/ (expense) after tax							
Items that will not be reclassified to profit or loss:							
Exchange differences on translation to presentation currency attributable to:							
The Group	(41,667)	(1,701)	–	–	(7,058)	–	(50,426)
Items that may be reclassified to profit or loss:							
Exchange differences on translation to presentation currency attributable to:							
The Group	(7,496)	–	–	–	20,875	–	13,379
An associate	(5,491)	–	–	(2,336)	–	–	(7,827)
Other comprehensive income for the period	(54,654)	(1,701)	–	(2,336)	13,817	–	(44,874)
Total comprehensive expense for the period							
– attributable to owners of the company	(50,408)	(8,126)	–	(2,336)	–	–	(60,870)
Earning/(loss) per share							
– Basic and diluted (HK cents)	0.15	(0.23)	–	–	(0.50)	–	(0.58)

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:

	For the six months ended 30 September 2019		
	Financial services business – factoring service (Unaudited) *HK$'000*	**Financial services business – financing service (Unaudited)** *HK$'000*	**Total (Unaudited)** *HK$'000*
Revenue from other sources	**–**	**57**	**57**
Interest revenue – financing and factoring services	**5**	**–**	**5**
Segment revenue	**5**	**57**	**62**
Segment results before impairment loss	**(1,295)**	**(777)**	**(2,072)**
Impairment loss on advances provided to customers	**–**	**(1,540)**	**(1,540)**
Segment results	**(1,295)**	**(2,317)**	**(3,612)**
Unallocated other income			**2,999**
Net exchange gain			**3,581**
Central administration costs			**(12,740)**
Finance costs			**(710)**
Share of profit of associates			**49**
Loss before taxation			**(10,433)**

	For the six months ended 30 September 2018		
	Financial services business – factoring service (Unaudited) (Restated) *HK$'000*	Financial services business – financing service (Unaudited) (Restated) *HK$'000*	Total (Unaudited) (Restated) *HK$'000*
Revenue from contracts with customers:			
Recognised at a point in time	2,242	–	2,242
	2,242	–	2,242
Revenue from other sources	–	708	708
Interest revenue – financing and factoring services	7,033	–	7,033
Segment revenue	9,275	708	9,983
Segment results	7,760	(411)	7,349
Unallocated other income			6,970
Net exchange gain			10,269
Central administration costs			(11,518)
Finance costs			(462)
Share of loss of associates			(26,052)
Loss before taxation			(13,444)

Segment results represent the profit/(loss) earned by each segment, without allocation of central administration costs, other income (primarily certain interest income from bank deposits), net exchange gain, finance costs, 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 30 September 2019		
	Financial services business – factoring service (Unaudited) *HK$'000*	**Financial services business – financing service (Unaudited)** *HK$'000*	**Total (Unaudited)** *HK$'000*
Assets			
Segment assets	**1,186**	**2,904**	**4,090**
Interests in associates			**74,905**
Loan to an associate			**1,470**
Unallocated assets			**244,180**
Total assets			**324,645**
Liabilities			
Segment liabilities	**882**	**1,490**	**2,372**
Unallocated liabilities			**46,711**
Total liabilities			**49,083**

	As at 31 March 2019		
	Financial services business – factoring service (Audited) *HK$'000*	Financial services business – financing service (Audited) *HK$'000*	Total (Audited) *HK$'000*
Assets			
Segment assets	529	88,421	88,950
Interests in associates			72,177
Loan to an associate			1,470
Unallocated assets			253,726
Total assets			416,323
Liabilities			
Segment liabilities	282	85,808	86,090
Unallocated liabilities			33,534
Total liabilities			119,624

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.

6. REVENUE

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

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
		(Restated)
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Factoring service income	**–**	2,242
Revenue from other sources		
Income from financing service	**57**	708
	57	2,950
Interest revenue – financing and factoring services		
Interest income from factoring service	**5**	7,033
	62	9,983

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

Disaggregation of revenue from contracts with customers:

Segments	**Factoring service income**	**Total**
	(Unaudited)	(Unaudited)
	(Restated)	(Restated)
	HK$'000	*HK$'000*
Six months ended 30 September 2018		
Geographical markets		
China	2,242	2,242
Timing of revenue recognition		
At a point in time	2,242	2,242

7. LOSS BEFORE TAXATION

	1 April 2019 to 30 September 2019	1 April 2018 to 30 September 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
The Group's loss before taxation has been arrived at after charging/(crediting) the following items:		
Depreciation of equipment	**122**	221
Depreciation on right-of-use assets	**2,043**	–
Loss on written off of equipment	**6**	–
Gain on disposal of equipment	**(223)**	(84)
Net exchange gain	**3,581**	10,269
Expenses relating to short-term leases and leases of low-value assets	**634**	–
Imputed interest on redeemable convertible preference shares	**531**	462

8. TAXATION

	1 April 2019 to 30 September 2019	1 April 2018 to 30 September 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The (credit)/charge comprises:		
Current tax		
Enterprise Income Tax in the PRC		
– Provision for the current period	**81**	2,552
– Over-provision in prior period	**(188)**	–
	(107)	2,552

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

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

9. DIVIDENDS

The Directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2019 (nil for the six months ended 30 September 2018).

10. 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:

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Loss:		
Loss for the purposes of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	**(10,326)**	(15,996)
Number of shares (thousand):		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,761,913**	2,761,913

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

11. EQUIPMENT

During the six months ended 30 September 2019, the Group acquired items of equipment with a cost of approximately HK$13,000 (30 September 2018: approximately HK$4,000). Items of equipment with carrying amount of approximately HK$6,000 and HK$Nil of written off and disposal respectively during the six months ended 30 September 2019 (30 September 2018: approximately HK$60,000 of disposal), resulting in a loss on written off and gain on disposal of equipment of approximately HK$6,000 and 223,000 respectively (30 September 2018: gain on disposal of approximately HK$84,000).

12. ACCOUNTS RECEIVABLE

The aging analysis of trade receivables at the end of the reporting period, based on the date the Group is entitled to receive, and net of allowance, is as follows:

	As at 30 September 2019 (Unaudited) ***HK$'000***	As at 31 March 2019 (Audited) *HK$'000*
More than 60 days	**–**	1,919
More than 6 months but within 1 year	**1,167**	–
	1,167	1,919

13. ADVANCES PROVIDED TO CUSTOMERS

	As at 30 September 2019 *HK$'000* (Unaudited)	As at 31 March 2019 *HK$'000* (Audited)
Advances provided to customers	**332,865**	341,747
Less: Impairment allowances	**(316,812)**	(324,420)
	16,053	17,327
Less: Amounts shown under current assets	**(16,053)**	(17,327)
Amount due after one year	**–**	–

As at 30 September 2019, the advances provided to customers, which at a rate of not more than 23.0% (31 March 2019: 23.0%) 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$16,053,000 was secured by 38,503,380 ordinary shares of China Rongzhong (31 March 2019: approximately HK$17,327,000 was secured by 38,503,380 ordinary shares of China Rongzhong).

14. BILLS AND OTHER PAYABLES

	As at 30 September 2019 *HK$'000* (Unaudited)	As at 31 March 2019 *HK$'000* (Audited)
Bills payable	**–**	84,215
Other payables	**25,549**	24,207
	25,549	108,422

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

15. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure the bills payable as disclosed in Note 14:

	As at 30 September 2019 *HK$'000* (Unaudited)	As at 31 March 2019 *HK$'000* (Audited)
Structured deposits	**–**	86,065
Short term bank deposits with original maturity more than three months	**–**	147
	–	86,212

16. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) 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.

(b) 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.

(c) 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.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend in respect of the results for the Period (corresponding period in 2018: nil).

BUSINESS REVIEW

For the six months ended 30 September 2019, the Group continued to be principally engaged in the provision of financial services business including financing and factoring services in Hong Kong and China and held interests in associates.

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 forensic investigation (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).

Subject to completion of the Investigation, the audit work of the Company's consolidated financial statements for the year ended 31 March 2019 was suspended. As such, the Company was unable to publish the annual results of the Group for the year ended 31 March 2019 in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and trading in the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was suspended with effect from 28 June 2019.

As a result, the business of the Group for the Period has been adversely affected. In particular, the suspension of the Trading Business since January 2019 which accounted for a substantial portion of the Group's revenue in the past years and the conducting of the Investigation in the same year which has, to a certain extent, diluted the management focus in developing the Group's remaining business. Further, during the Period, the Group has become more cautious and has begun to review and re-assess its business strategy and positioning towards its financing and factoring business due to the Investigation and certain changes of the relevant regulations.

Core business

Financial services business – Financing

During the six months ended 30 September 2019, the financing services segment realised revenue of approximately HK$57,000 (corresponding period in 2018: approximately HK$708,000). The segment result before impairment loss decreased by approximately HK$0.4 million or 100% to loss of approximately HK$0.8 million (corresponding period in 2018: loss of approximately HK$0.4 million) during the Period. 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 Period. For the six months ended 30 September 2019, a net impairment loss of approximately HK$1.5 million was recognised (corresponding period in 2018: HK$Nil), details of which are set out below. As a result, the segment recorded a loss of approximately HK$2.3 million (corresponding period in 2018: a loss of approximately HK$0.4 million) for the Period.

– *Small loan financing*

The Group was engaged in small loan financing business through Yancheng Goldbond Supply Chain Management Limited (formerly known as Yancheng Goldbond Technology Small Loan Company Limited, "Yancheng Goldbond"), established in Yancheng, Jiangsu Province, the PRC. Yancheng Goldbond offered 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 Investigation and 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 Period. The Group also (i) 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; and (ii) withdrew the licence of Yancheng Goldbond for conducting the business of small loan financing during the Period. 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, 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 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. 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. 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.

The Board, after taking into account that the share value of China Rongzhong was decreased, an impairment loss on advances provided to customers amounting to approximately HK$1.5 million was recognised for the six months ended 30 September 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 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.

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 six months ended 30 September 2019, the factoring service segment realised revenue of approximately HK$5,000 (corresponding period in 2018: approximately HK$9.2 million). The decrease in revenue was mainly due to decrease in contract size. The segment result before impairment loss decreased by approximately HK$9.0 million or 116.7 % to loss of approximately HK$1.3 million (2018: profit of approximately HK$7.8 million) 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 information publicly available, the revenue of China Rongzhong Group for the Period was approximately HK$17.0 million (corresponding period in 2018: approximately HK$26.0 million), which decreased by approximately HK$9.0 million or 35% compared to previous period. As at 30 September 2019, China Rongzhong reversal of impairment losses by approximately HK$9.4 million. As at 30 September 2018, China Rongzhong Group experienced high level of impairment loss on its finance lease receivables in the amount of approximately HK$57.1 million. As a result, China Rongzhong Group reported a net loss attributable to the owners of the company of approximately HK$0.1 million (corresponding period in 2018: approximately HK$189.3 million). The Group's share of loss of China Rongzhong Group for the Period was approximately HK$46,000 (corresponding period in 2018: approximately HK$19.7 million).

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

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 2019 by comparing the recoverable amount with the carrying amount of the investment in China Rongzhong. Fair value less costs of disposal, measured using the quoted price for China Rongzhong listed shares on Hong Kong Exchanges and Clearing Limited as at 30 September 2019 was approximately HK$59.0 million (29 March 2019: approximately HK$64.7 million). As at 30 September 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 piece of real estate investment in Los Angeles in the United States of America with a successful closing during the year ended 31 March 2019. 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 Period was approximately HK$0.4 million while its share of profit of the Fund Manager was approximately HK$0.5 million.

OUTLOOK

The Group's financial services businesses have remained challenging during the Period. The continuous trade between the United States and the PRC has added new uncertainties and variables to the 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 financing businesses.

Despite the fact that the Group recorded a substantial decrease in revenue during the Period due to the Investigation and the fact that the Group has re-assessed the risk exposure of the factoring and financing business and changed its operation strategy in a prudent manner, the Group considers that such decrease is short-lived. During the Period, the Company has implemented a number of changes to its senior management team with a view to enhance operational management and help position the Group for the next phase of its growth strategy in line with its focus in developing the financial services business and exploring new business opportunities. 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 Period of approximately HK$57,000, representing a decrease of HK$2.9 million as compared to the previous period. The decrease was due to the change in operation strategy and reduction in small loan financing and factoring service.

Interest revenue – financing and factoring services

The Group realised interest revenue from financing and factoring services for the Period of approximately HK$5,000, representing a decrease of approximately HK$7,028,000 or 99.9% as compared to the previous period. The decrease was mainly contributed by no interest income was recognised by the Group from factoring services for the period of approximately HK$5,000 (2018: approximately HK$7.0 million).

Staff costs

Staff costs of the Group amounted to approximately HK$5.7 million, which decreased by approximately HK$2.3 million or 28.9% compared to the previous period. Such decrease was mainly attributable to the decrease in number of headcount during the Period.

Other operating expenses

Other operating expenses were approximately HK$9.4 million, which increased by approximately HK$3.2 million as compared to the previous period. The increase was mainly attributable to the increase in legal and professional fee.

Share of loss of associates

Share of loss of associates mainly composed of the share of loss of China Rongzhong of approximately HK$46,000 (corresponding period in 2018: approximately HK$19.7 million) and the share of profit of the Fund Manager of approximately HK$0.5 million (corresponding period in 2018: loss of approximately HK$0.2 million), offset by the share of loss of the Fund of approximately HK$0.4 million (corresponding period in 2018: profit of approximately HK$0.3 million).

Loss for the Period attributable to the owners of the Company

As a result of the foregoing, loss for the Period attributable to the owners of the Company was approximately HK$10.3 million (corresponding period in 2018: approximately HK$16.0 million).

Other comprehensive expenses for the Period

Other comprehensive expenses for the Period represented exchange differences arising on translation to presentation currency of approximately HK$11.1 million (corresponding period in 2018: approximately HK$44.9 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 30 September 2019, the aggregate sum of cash, bank balances and short term bank deposits amounted to approximately HK$177.4 million (31 March 2019: approximately HK$195.2 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$166.0 million (31 March 2019: approximately HK$192.2 million) and approximately HK$275.6 million (31 March 2019: approximately HK$296.7 million) respectively. No gearing ratio was calculated as the Group had no debt as at 30 September 2019.

KEY FINANCIAL RATIO

Net asset value per share

	30 September 2019	31 March 2019
Net asset value per share (HK cents)	**10.0**	10.7

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

Charges on group assets

As at 30 September 2019, there was no charge in the Group's asset. 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$11.8 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 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 30 September 2019.

Subsequent events

Events subsequent to 30 September 2019 are set out in note 16 to the unaudited condensed consolidated financial statements in this announcement.

Employees and remuneration policy

As at 30 September 2019, the Group had 25 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 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.

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. During the Period, the Company has applied the principles and complied with all code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules.

REVIEW OF INTERIM FINANCIAL RESULTS

The interim financial results of the Group for the Period have not been audited, but have been reviewed by the Audit Committee. The Audit Committee has discussed and reviewed the interim financial results of the Group for the Period, including the accounting principles and practices adopted by the Group, internal control and other financial related matters, with the Directors.

In reviewing the financial results of the Group for the Period, with reference to the announcements of the Company dated 19 October 2020 in relation to (i) the annual result of the Group for the year ended 31 March 2019; and (ii) the annual result of the Group for the year ended 31 March 2020, the Audit Committee has the following concern in relation to the restated comparative figures for the six months ended 30 September 2018:–

1. Interests in associates

Share of loss of an associate of approximately HK$26,149,000 was recognised for the six months ended 30 September 2018. The Audit Committee is unable to obtain sufficient appropriate evidence to ascertain the carrying amount of this account as at 31 March 2018, and thus there is a consequential effect on the share of loss of this associate recorded for the six months ended 30 September 2018.

2. Revenue

Included in the revenue for the six months ended 30 September 2018 is income from financing service of approximately HK$708,000. The Audit Committee is unable to obtain sufficient appropriate evidence to ascertain the nature of transactions and whether the aforesaid amount was properly recorded for the six months ended 30 September 2018.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors in terms no less 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 to all Directors, confirmed that all Directors had fully complied with the required standard of dealings set out therein throughout the Period.

PURCHASE, SALE OR REDEMPTION OF 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 Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is available for viewing on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at http://www.goldbondgroup.com/en/. The interim report for the six months ended 30 September 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).