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 2020

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 2020 (the "Year"), which have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board together with the comparative figures for the year ended 31 March 2019 as follows:

FINANCIAL HIGHLIGHTS

	2020	2019
	HK$'000	*HK$'000*
OPERATING RESULTS		
Revenue	**57**	3,355
Interest revenue - financing and factoring services	**93**	9,979
Loss for the year	**(52,437)**	(233,224)
Loss for the year attributable to owners of the Company	**(52,437)**	(233,224)
Total comprehensive expense for the year attributable to owners of the Company	**(63,554)**	(267,265)
Basic loss per share	**HK(1.90) cents**	HK(8.44) cents
FINANCIAL POSITION		
Equity attributable to owners of the Company	**233,727**	296,699

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
REVENUE	5	**57**	3,355
Interest revenue – financing and factoring services	5	**93**	9,979
Interest revenue – bank interest income		**4,975**	12,923
Other income		**3,822**	8,324
Staff costs		**(12,060)**	(16,126)
Other operating expenses		**(16,750)**	(15,283)
Impairment loss on accounts receivable		**–**	(64,103)
Impairment losses on advances provided to customers, net		**(6,753)**	(133,286)
Fair value (loss)/gain on financial assets at fair value through profit or loss		**(1,564)**	3,212
Finance costs		**(1,511)**	(957)
Share of loss of associates		**(22,694)**	(38,082)
LOSS BEFORE TAXATION	6	**(52,385)**	(230,044)
Taxation	7	**(52)**	(3,180)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(52,437)**	(233,224)
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		**(17,288)**	(36,660)
Items that may be reclassified to profit or loss:			
Exchange differences on translation to presentation currency attributable to:			
The Group		**8,614**	9,172
An associate		**(2,443)**	(6,553)
Other comprehensive expense for the year		**(11,117)**	(34,041)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(63,554)**	(267,265)
LOSS PER SHARE			
– Basic and diluted	9	**HK(1.90) cents**	HK(8.44) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2020

	Notes	31 March 2020 HK$'000	31 March 2019 HK$'000
Non-current assets			
Equipment		**585**	452
Right-of-use assets		**9,753**	–
Interests in associates		**52,132**	72,177
Club debentures		**37,100**	40,463
		99,570	113,092
Current assets			
Accounts receivable	*10*	**1,167**	1,919
Advances provided to customers	*11*	**13,396**	17,327
Loan to an associate		**1,470**	1,470
Prepayments, deposits and other receivables		**1,650**	1,205
Structured deposits		**–**	86,065
Short term bank deposits			
– with original maturity within three months		**146,855**	163,756
– with original maturity more than three months		**102**	11,809
Bank balances and cash		**16,282**	19,680
		180,922	303,231
Current liabilities			
Bills and other payables	*12*	**24,826**	108,422
Security deposits		**1,233**	–
Lease liabilities		**4,886**	–
Taxation		**2,367**	2,642
		33,312	111,064
Net current assets		**147,610**	192,167
Total assets less current liabilities		**247,180**	305,259
Non-current liabilities			
Security deposits		**–**	1,221
Lease liabilities		**5,014**	–
Redeemable convertible preference shares		**8,439**	7,339
		13,453	8,560
NET ASSETS		**233,727**	296,699
Capital and reserves			
Share capital		**829,209**	829,209
Reserves		**(595,482)**	(532,510)
Total equity		**233,727**	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 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 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 consolidated financial statements and amounts reported for the current year 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 31 March 2020	(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. 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 year ended 31 March 2020		
	Financial services business – factoring service *HK$'000*	**Financial services business – financing service** *HK$'000*	**Total** *HK$'000*
Revenue from other sources	**–**	**57**	**57**
Interest revenue - financing and factoring services	**54**	**39**	**93**
Segment revenue	**54**	**96**	**150**
Segment results before impairment losses	**(2,283)**	**(1,091)**	**(3,374)**
Impairment losses on advances provided to customers	**–**	**(6,753)**	**(6,753)**
Segment results	**(2,283)**	**(7,844)**	**(10,127)**
Unallocated other income			**4,992**
Central administration costs			**(25,064)**
Net exchange gain			**3,583**
Fair value loss on financial assets at fair value through profit or loss			**(1,564)**
Finance costs			**(1,511)**
Share of loss of associates			**(22,694)**
Loss before taxation			**(52,385)**

	For the year ended 31 March 2019		
	Financial services business – factoring service	Financial services business – financing service	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue from contracts with customers:			
Recognised at a point in time	2,203	–	2,203
	2,203	–	2,203
Revenue from other sources	–	1,152	1,152
Interest revenue - financing and factoring services	9,979	–	9,979
Segment revenue	12,182	1,152	13,334
Segment results before impairment losses	7,798	(1,384)	6,414
Impairment loss on accounts receivable	–	(64,103)	(64,103)
(Impairment losses)/reversal of impairment losses on advances provided to customers	(151,163)	17,877	(133,286)
Segment results	(143,365)	(47,610)	(190,975)
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)
Loss before taxation			(230,044)

Segment results represent the profit/(loss) earned by each segment, without allocation of financial assets at fair value through profit or loss, central administration costs, other income (primarily certain interest income from bank deposits), net exchange gain, finance costs, 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 2020		
	Financial services business – factoring service *HK$'000*	**Financial services business – financing service** *HK$'000*	**Total** *HK$'000*
Assets			
Segment assets	**668**	**2,292**	**2,960**
Interests in associates			**52,132**
Loan to an associate			**1,470**
Unallocated assets			**223,930**
Total assets			**280,492**
Liabilities			
Segment liabilities	**687**	**1,826**	**2,513**
Unallocated liabilities			**44,252**
Total liabilities			**46,765**

	As at 31 March 2019		
	Financial services business – factoring service *HK$'000*	Financial services business – financing service *HK$'000*	Total *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.

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 2020			
	Financial services business – factoring service	**Financial services business – financing service**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Expenditure for reportable segment non-current assets	**–**	**452**	**22**	**474**
Depreciation of equipment	**75**	**1**	**122**	**198**
Depreciation of right-of-use assets	**323**	**128**	**4,069**	**4,520**

	For the year ended 31 March 2019			
	Financial services business – factoring service	Financial services business – financing service	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Expenditure for reportable segment non-current assets	–	–	12	12
Depreciation of equipment	79	12	321	412

Geographical information

Revenue reported above represents income generated from external customers located in the PRC of HK$111,000 (2019: HK$13,334,000), income generated from external customers located outside the PRC of HK$39,000 (2019: HK$Nil).

As at 31 March 2020, non-current assets other than financial instruments and interests in associates of HK$1,056,000 (2019: HK$197,000) and HK$9,282,000 (2019: HK$255,000) were located in the PRC and Hong Kong, respectively.

Information about major customers

	2020	2019
	HK$'000	*HK$'000*
Customer A in the financing and factoring service segments	**111**	–
Customer B in the financing service segment	**39**	–
Customer C in the factoring service segment	**–**	8,887
Customer D in the factoring service segment	**–**	2,617

5. REVENUE

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

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Factoring service income	**–**	2,203
Revenue from other sources		
Income from financing service	**57**	1,152
	57	3,355
Interest revenue – financing and factoring services		
Interest income from financing service	**39**	–
Interest income from factoring service	**54**	9,979
	93	9,979

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

Disaggregation of revenue from contracts with customers:

Segments	**Factoring service income**	2019 Total
	HK$'000	*HK$'000*
For the year ended 31 March 2019		
Geographical markets		
The PRC	**2,203**	2,203
Timing of revenue recognition		
At a point in time	**2,203**	2,203

6. LOSS BEFORE TAXATION

	2020	2019
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging/(crediting):		
Salaries, allowances and other benefits	**11,005**	13,422
Retirement benefit scheme contributions	**473**	560
Equity-settled share-based payment expenses	**582**	2,144
Total staff costs (including directors' remuneration)	**12,060**	16,126
Auditor's remuneration		
– Audit service		
Former auditor	**N/A**	1,250
Current auditor	**780**	1,290
– Non-audit services	**411**	319
Depreciation of equipment	**198**	412
Depreciation on right-of-use assets	**4,520**	–
Loss on written off of equipment	**6**	–
Gain on disposal of equipment (included in other income)	**(223)**	(242)
Net exchange gain	**(3,583)**	(8,080)
Expenses relating to short-term leases and leases of low-value assets	**638**	–
Operating lease rentals in respect of properties	**–**	5,990
Impairment loss on accounts receivable	**–**	64,103
Impairment loss on advances provided to customers	**6,753**	133,286
Fair value loss/(gain) on financial assets at fair value through profit or loss	**1,564**	(3,212)

7. TAXATION

	2020	2019
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
Enterprise Income Tax in the PRC		
– Provision for the current year	**240**	3,173
– (Over)/under provision in prior year	**(188)**	7
	52	3,180

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.

8. DIVIDENDS

The Directors do not recommend the payment of dividend for the year ended 31 March 2020 (2019: nil).

9. 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:

	2020	2019
	HK$'000	*HK$'000*
Loss:		
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(52,437)**	(233,224)
Number of shares (in 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 the years ended 31 March 2020 and 2019 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.

10. ACCOUNTS RECEIVABLE

	2020	2019
	HK$'000	*HK$'000*
Accounts receivable	**62,421**	66,022
Less: Impairment loss recognised on accounts receivable	**(61,254)**	(64,103)
	1,167	1,919

The Group normally allows credit period for trade customers of 60 days (2019: 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.

11. ADVANCES PROVIDED TO CUSTOMERS

	2020	2019
	HK$'000	*HK$'000*
Advances provided to customers	**335,421**	341,747
Less: Impairment allowances	**(322,025)**	(324,420)
	13,396	17,327
Less: Amounts shown under current assets	**(13,396)**	(17,327)
Amount due after one year	**–**	–

As at 31 March 2020, the advances provided to customers, which bore fixed interest at a rate of not more than 23.0% (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 HK$10,396,000 was secured by 38,503,380 ordinary shares of China Rongzhong (2019: HK$17,327,000 was secured by 38,503,380 ordinary shares of China Rongzhong).

12. BILLS AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Bills payable	**–**	84,215
Other payables	**24,826**	24,207
	24,826	108,422

Bills payable were normally required to be settled within six months and secured by certain assets as disclosed in Note 13. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

13. PLEDGE OF ASSETS

Assets with the following carrying amounts were pledged to secure the bills payable as disclosed in Note 12:

	2020	2019
	HK$'000	*HK$'000*
Structured deposits	**–**	86,065
Short term bank deposits with original maturity more than three months	**–**	147
	–	86,212

14. 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.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

ZHONGHUI ANDA CPA Limited has expressed qualified opinion on the audited consolidated financial statements of the Group for the financial year ended 31 March 2020, 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 2020, 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 2020, 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***

   Share of loss of an associate of approximately HK$38,291,000 was recognised for the year ended 31 March 2019. As mentioned in our auditor's report of the Group's consolidated financial statements for the year ended 31 March 2019, we have been unable to obtain sufficient appropriate audit 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 year ended 31 March 2019.

2. ***Revenue***

   Included in the revenue for the year ended 31 March 2019 is income from financing service of approximately HK$1,152,000. 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 year ended 31 March 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 year ended 31 March 2019 and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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 2020, 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.

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 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.

During the first quarter of 2020, novel coronavirus pandemic (the "COVID-19") broke out in the PRC and around the world. In response to the COVID-19 pandemic, the government of the PRC has implemented a series of measures such as travel restrictions, community quarantine and lockdowns in provinces and cities across the country. Such measures created disruption of the workforce, suppliers and customers and the normal business operation of the Group during the Year.

The business of the Group for the year ended 31 March 2020 has been adversely affected by various factors including (i) the change of macro environment affecting the Group's factoring/financing business as a result of the PRC regulatory reform on small and medium enterprises financing/alternative financing, as well as the overall economic downturn in the PRC and the ongoing Sino-US trade dispute which makes the business environment more competitive; (ii) 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 during the Year which has, to a certain extent, diluted the management focus in developing the Group's remaining business; and (iii) the outbreak of the COVID-19 pandemic since early 2020 which caused certain disruption to the Group's business in the PRC.

Core business

Financial services business – Financing

During the year ended 31 March 2020, the financing services segment realised revenue of approximately HK$0.1 million (2019: approximately HK$1.2 million). The segment loss before impairment losses decreased by approximately HK$0.3 million or 21.2% to loss of approximately HK$1.1 million (2019: loss of approximately HK$1.4 million) during 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 small loan financing which resulted in no new small loan having been granted during the Year. For the year ended 31 March 2020, a net impairment loss of approximately HK$6.8 million was recognised (2019: approximately HK$ 46.2 million), details of which are set out below. As a result, the segment recorded a loss of approximately HK$7.8 million (2019: a loss of approximately HK$47.6 million) for the Year.

– *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 Year. 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 Year. 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. 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 of approximately HK$6.8 million was recognised during the year ended 31 March 2020.

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 year ended 31 March 2020, the factoring service segment realised revenue of approximately HK$0.1 million (2019: approximately HK$12.2 million). The segment result before impairment loss decreased by approximately HK$10.1 million or 129.3% to loss of approximately HK$2.3 million (2019: profit of approximately HK$7.8 million). The decrease was mainly due to decrease in revenue due to decrease in contract size. For the year ended 31 March 2020, no impairment loss was recognised (2019: approximately HK$151.2 million), details of which are set out below. As a result, the segment recorded a loss of approximately HK$2.3 million (2019: a loss of approximately HK$143.4 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.

No impairment loss has been made in the Year in respect of the facility to Shenzhen Huarongfeng as an impairment loss of approximately HK$116.3 million was recognised for the year ended 31 March 2019.

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.

No impairment loss on advances provided to customers has been made in the Year as an impairment loss of approximately HK$34.9 million was recognised for the year ended 31 March 2019.

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$27.5 million (2019: approximately HK$70.8 million), which decreased by approximately HK$43.3 million or 61.2% compared to previous year. China Rongzhong Group experienced high level of impairment loss on its finance lease receivables in the amount of approximately HK$48.2 million for the Year (2019: approximately HK$100.8 million). As a result, China Rongzhong Group reported a net loss attributable to the owners of the Company of approximately HK$65.7 million (2019: approximately HK$91.4 million). The Group's share of loss of China Rongzhong Group for the Year was approximately HK$22.9 million (2019: approximately HK$31.9 million).

The annual report of China Rongzhong is available for viewing and downloading from the website of 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 the investment in China Rongzhong as at 31 March 2020 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 31 March 2020 was approximately HK$38.8 million (29 March 2019: approximately HK$64.7 million). As at 31 March 2020, the recoverable amount of China Rongzhong is higher than its carrying amount. No impairment loss has 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 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 Year was approximately HK$0.8 million (2019: approximately HK$0.1 million) while its share of profit of the Fund Manager was approximately HK$1.0 million (2019: approximately HK$0.3 million).

OUTLOOK

The Group's financial services businesses have remained challenging during the Year. The continuous trade dispute between the United States of America 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 Year due to the Investigation, the COVID-19 pandemic 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 consider that such decrease is short-lived. During the Year, 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. Looking ahead, recognising the difficulties and opportunities in the financial service industry, the Group strives to strengthen its position in the industry as well as explore new market through a series of acquisition and partnership (a summary of which is disclosed in note 14 to the financial statements in this announcement), and 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$57,000, representing a decrease of approximately HK$3.3 million or 98.3% as compared to previous year. The decrease was mainly contributed by 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 Year of approximately HK$93,000 representing a decrease of approximately HK$9.9 million or 99.1% as compared to previous year. The decrease was mainly contributed by the significant decrease in interest income from factoring services of the Group.

Staff costs

Staff costs of the Group amounted to approximately HK$12.1 million, representing a decrease by approximately HK$4.1 million or 25.2% compared to previous year. Such decrease is mainly attributable to the decrease in staff salaries and share option expenses.

Other operating expenses

Other operating expenses were approximately HK$16.8 million, representing an increase by approximately HK$1.5 million or 9.6% compared to previous year. The increase was mainly attributable to the increase in legal and professional fees.

Share of loss of associates

Share of loss of associates mainly composed of the share of loss of China Rongzhong of approximately HK$22.9 million (2019: approximately HK$38.3 million) and share of loss of the Fund of approximately HK$0.8 million (2019: approximately HK$0.1 million), offset by the share of profit of the Fund Manager of approximately HK$1.0 million (2019: approximately HK$0.3 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$52.4 million (2019: approximately HK$233.2 million).

Other comprehensive expense for the Year

Other comprehensive expense for the Year represented exchange differences arising on translation to presentation currency of approximately HK$11.1 million (2019: approximately HK$34.0 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 2020, the aggregate sum of cash, bank balances and short term bank deposits amounted to approximately HK$163.2 million (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$147.6 million (2019: approximately HK$192.2 million) and approximately HK$233.7 million (2019: approximately HK$296.7 million) respectively. No gearing ratio was calculated as the Group had no debt as at 31 March 2020.

Key Financial Ratio – Net asset value per share

	2020	2019
Net asset value per share (HK cents)	**8.5**	10.7

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

Charges on group assets

As at 31 March 2020, there was no charge on the Group's 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 bank to comply with the deposit requirement for the issuance of bills payable by the Group.

Contingent liabilities

As at 31 March 2020, 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 2020.

Subsequent events

Events subsequent to 31 March 2020 are set out in note 14 to the consolidated financial statements in this announcement.

Employees and remuneration policy

As at 31 March 2020, 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 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 (2019: 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. During the Year, The Company has applied the principles and complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

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 to 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 2020. The Audit Committee of the Company 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 2020 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 results 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 and on the website of the Company at http://www.goldbondgroup.com/en/. The annual report for the year ended 31 March 2020 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).