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GOLDBOND GROUP HOLDINGS LIMITED

金榜集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 00172)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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 2020 (the “Period”) together with the comparative figures for the six months ended 30 September 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 2020 to 30 September 2020 <i>HK\$’000</i> (Unaudited)	1 April 2019 to 30 September 2019 <i>HK\$’000</i> (Unaudited)
OPERATING RESULTS		
Revenue	2,321	57
Interest revenue – finance lease	230	–
Interest revenue – financing and factoring services	175	5
Loss for the period	(15,630)	(10,326)
Loss for the period attributable to owners of the Company	(11,518)	(10,326)
Total comprehensive expense for the period attributable to owners of the Company	(6,600)	(21,413)
Basic loss per share	HK(0.42) cents	HK(0.37) cents
FINANCIAL POSITION		
	30 September 2020 <i>HK\$’000</i> (Unaudited)	31 March 2020 <i>HK\$’000</i> (Audited)
Equity attributable to owners of the Company	227,432	233,727

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Notes	Six months ended	
		2020	2019
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
REVENUE	5	2,321	57
Interest revenue – finance lease	5	230	–
Cost of service rendered		(1,362)	–
Interest revenue – financing and factoring services	5	175	5
Interest revenue – bank interest income		921	2,986
Other income		764	3,825
Operating expenses		(25,771)	(15,105)
Reversal of impairment loss/(impairment loss) on advances provided to customers		1,348	(1,540)
Finance costs		(792)	(710)
Share of profit of associates		6,946	49
LOSS BEFORE TAXATION		(15,220)	(10,433)
Taxation	7	(410)	107
LOSS FOR THE PERIOD	6	(15,630)	(10,326)
Other comprehensive income/(expense) after tax			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation to presentation currency attributable to:			
The Group		6,836	(17,586)
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation to presentation currency attributable to:			
The Group		(1,402)	8,912
An associate		933	(2,413)
Other comprehensive income/(expense) for the period		6,367	(11,087)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		(9,263)	(21,413)

	Six months ended	
	30 September	
	2020	2019
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the Company	(11,518)	(10,326)
Non-controlling interests	(4,112)	–
	<u>(15,630)</u>	<u>(10,326)</u>
TOTAL COMPREHENSIVE EXPENSE		
FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the Company	(6,600)	(21,413)
Non-controlling interests	(2,663)	–
	<u>(9,263)</u>	<u>(21,413)</u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS		
OF THE COMPANY		
– Basic and diluted (HK cents)	<i>9</i> <u>(0.42)</u>	<u>(0.37)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 September 2020*

		30 September	31 March
		2020	2020
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	<i>10</i>	13,995	585
Intangible assets		2,511	–
Deferred tax assets		812	–
Right-of-use assets		7,282	9,753
Interests in associates		60,011	52,132
Finance lease receivables		5,715	–
Club debentures		37,943	37,100
		<hr/> 128,269	<hr/> 99,570
Current assets			
Inventories		898	–
Accounts receivable	<i>11</i>	2,031	1,167
Advances provided to customers	<i>12</i>	14,744	13,396
Finance lease receivables		19,996	–
Loan to an associate		1,470	1,470
Prepayments, deposits and other receivables		9,510	1,650
Short term bank deposits			
– with original maturity within three months		101,887	146,855
– with original maturity more than three months		–	102
Bank balances and cash		50,061	16,282
		<hr/> 200,597	<hr/> 180,922
Current liabilities			
Other payables	<i>13</i>	42,184	24,826
Security deposits		3,103	1,233
Lease liabilities		4,757	4,886
Taxation		2,117	2,367
		<hr/> 52,161	<hr/> 33,312
Net current assets		<hr/> 148,436	<hr/> 147,610
Total assets less current liabilities		<hr/> 276,705	<hr/> 247,180

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Non-current liabilities		
Lease liabilities	2,710	5,014
Redeemable convertible preference shares	<u>9,049</u>	<u>8,439</u>
	<u>11,759</u>	<u>13,453</u>
NET ASSETS	<u>264,946</u>	<u>233,727</u>
Capital and reserves		
Equity attributable to owners of the Company		
Share capital	829,209	829,209
Reserves	<u>(601,777)</u>	<u>(595,482)</u>
	227,432	233,727
Non-controlling interests	<u>37,514</u>	<u>–</u>
Total equity	<u>264,946</u>	<u>233,727</u>

Notes:

1. CORPORATE INFORMATION

Goldbond Group Holdings Limited (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 Company and its subsidiaries (the “Group”) is the provision of financial services business including financing services, factoring services, finance lease business, operating lease business and property technology services in Hong Kong and 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 2020 annual consolidated financial statements for the year ended 31 March 2020 (“2020 Annual Report”). The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in 2020 Annual Report.

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

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); 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 period and prior years.

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 about components of the Group that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker ("CODM"), in order to allocate resources to the segments and to assess performance, are summarised as follows:

- (a) financial services business – factoring segment: provision of factoring services;
- (b) financial services business – financing segment: provision of financing services;
- (c) finance lease segment: provision of finance lease business;
- (d) operating lease segment: provision of operating lease business; and
- (e) property technology segment: provision of property technology 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 2020					
	Financial services business – factoring (Unaudited) HK\$'000	Financial services business – financing (Unaudited) HK\$'000	Finance lease (Unaudited) HK\$'000	Operating lease (Unaudited) HK\$'000	Property technology service (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue from contracts with customers:						
Recognised over time	-	-	-	-	922	922
	-	-	-	-	922	922
Revenue from other sources	-	66	31	1,302	-	1,399
Interest revenue – finance lease	-	-	230	-	-	230
Interest revenue – financing and factoring services	-	175	-	-	-	175
Segment revenue	-	241	261	1,302	922	2,726
Segment results before impairment losses	(1,197)	(337)	(827)	154	(5,992)	(8,199)
Reversal of impairment loss on advances provided to customers	-	1,348	-	-	-	1,348
Segment results	(1,197)	1,011	(827)	154	(5,992)	(6,851)
Unallocated interest revenue and other income						1,668
Net exchange loss						(1,550)
Central administration costs						(14,658)
Gain on bargain purchase						17
Finance costs						(792)
Share of profit of associates						6,946
Loss before taxation						(15,220)

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

Segment results represent the profit/(loss) earned by each segment, without allocation of gain on bargain purchase, central administration costs, interest revenue and other income (primarily certain interest income from bank deposits), net exchange loss/gain, finance costs and share of profit 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 2020					
	Financial services business – factoring (Unaudited) <i>HK\$'000</i>	Financial services business – financing (Unaudited) <i>HK\$'000</i>	Finance lease (Unaudited) <i>HK\$'000</i>	Operating lease (Unaudited) <i>HK\$'000</i>	Property technology service (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Assets						
Segment assets	<u>1,399</u>	<u>6,511</u>	<u>41,168</u>	<u>13,954</u>	<u>1,920</u>	64,952
Interests in associates						60,011
Loan to an associate						1,470
Unallocated assets						<u>202,433</u>
Total assets						<u>328,866</u>
Liabilities						
Segment liabilities	<u>440</u>	<u>1,553</u>	<u>13,902</u>	<u>2,486</u>	<u>1,745</u>	20,126
Unallocated liabilities						<u>43,794</u>
Total liabilities						<u>63,920</u>
	As at 31 March 2020					
	Financial services business – factoring (Audited) <i>HK\$'000</i>	Financial services business – financing (Audited) <i>HK\$'000</i>	Total (Audited) <i>HK\$'000</i>			
Assets						
Segment assets		<u>668</u>	<u>2,292</u>			2,960
Interests in associates						52,132
Loan to an associate						1,470
Unallocated assets						<u>223,930</u>
Total assets						<u>280,492</u>
Liabilities						
Segment liabilities		<u>687</u>	<u>1,826</u>			2,513
Unallocated liabilities						<u>44,252</u>
Total liabilities						<u>46,765</u>

For the purposes of monitoring segment performance and allocating resources between segments, the CODM monitors the tangible and financial assets attributable to each segment. All assets are allocated to reportable segments other than interests in associates, loan to an associate, part of short term bank deposits, bank balances and cash, deferred tax assets 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.

5. 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	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers		
Property technology service	<u>922</u>	–
Revenue from other sources		
Finance lease income	31	–
Operating lease income	1,302	–
Income from financing service	<u>66</u>	57
	<u>2,321</u>	57
Interest revenue – finance lease	230	–
Interest revenue – financing and factoring services		
Interest income from financing service	175	–
Interest income from factoring service	<u>–</u>	5
	<u>2,726</u>	62

Disaggregation of revenue from contracts with customers:

Segments	Property technology service	Total
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Six months ended 30 September 2020		
<u>Geographical markets</u>		
The PRC	<u>922</u>	<u>922</u>
<u>Timing of revenue recognition</u>		
Over time	<u>922</u>	<u>922</u>

6. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
The Group's loss for the period is stated after charging/(crediting):		
Depreciation of property, plant and equipment	290	122
Depreciation on right-of-use assets	2,456	2,043
Loss on written off of property, plant and equipment	–	6
Gain on disposal of property, plant and equipment	–	(223)
Net exchange loss/(gain)	1,550	(3,581)
Expenses relating to short-term leases and leases of low-value assets	158	634
Imputed interest on redeemable convertible preference shares	611	531
	<u>611</u>	<u>531</u>

7. TAXATION

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Current tax		
Enterprise Income Tax in the PRC		
– Provision for the current period	601	81
– Over-provision in prior period	(191)	(188)
	<u>410</u>	<u>(107)</u>

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 years.

8. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	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)	<u>(11,518)</u>	<u>(10,326)</u>
Number of shares (thousand):		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>2,761,913</u>	<u>2,761,913</u>

Note: The computation of diluted loss per share for 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.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired property, plant and equipment with a cost of approximately HK\$13,562,000 (30 September 2019: HK\$13,000). Items of property, plant and equipment with carrying amount of approximately HK\$Nil and HK\$194,000 were written off and disposal during the six months ended 30 September 2020 (30 September 2019: with carrying amount of approximately HK\$6,000 and HK\$Nil of written off and disposal respectively), resulting in a loss on written off and gain on disposal of property, plant and equipment of approximately HK\$Nil (30 September 2019: loss on written off and gain on disposal of approximately HK\$6,000 and HK\$223,000 respectively).

11. 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 2020 (Unaudited) HK\$'000	As at 31 March 2020 (Audited) HK\$'000
Accounts receivable	64,678	62,421
Less: Impairment loss recognised on accounts receivable	<u>(62,647)</u>	<u>(61,254)</u>
	<u>2,031</u>	<u>1,167</u>

12. ADVANCES PROVIDED TO CUSTOMERS

	As at 30 September 2020 (Unaudited) <i>HK\$'000</i>	As at 31 March 2020 (Audited) <i>HK\$'000</i>
Advances provided to customers	339,887	335,421
Less: Impairment allowances	<u>(325,143)</u>	<u>(322,025)</u>
	14,744	13,396
Less: Amounts shown under current assets	<u>(14,744)</u>	<u>(13,396)</u>
Amount due after one year	<u><u>–</u></u>	<u><u>–</u></u>

As at 30 September 2020, the advances provided to customers, which bore fixed interest at a rate of not more than 23.0% (31 March 2020: 23.0%) per annum, were repayable according to terms stipulated in the loan agreements and factoring facility agreements. Included in the balances, an aggregate amount of approximately HK\$11,744,000 was secured by 38,503,380 ordinary shares of China Rongzhong Financial Holdings Company Limited (“China Rongzhong”) (31 March 2020: approximately HK\$10,396,000 was secured by 38,503,380 ordinary shares of China Rongzhong).

13. OTHER PAYABLES

Other payables of the Group are non-interest-bearing and have an average payment term of one month.

	As at 30 September 2020 (Unaudited) <i>HK\$'000</i>	As at 31 March 2020 (Audited) <i>HK\$'000</i>
Other payables	<u>42,184</u>	<u>24,826</u>
	<u><u>42,184</u></u>	<u><u>24,826</u></u>

The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

14. ACQUISITION OF A SUBSIDIARY

On 26 June 2020, the Group acquired 51% of the issued share capital of Optimus Financial Group Limited (“Optimus Group”) at a cash consideration of HK\$41,800,000. Optimus Group was engaged in (i) financial leasing and provision of property and automobile finance lease services; and (ii) car trading, mainly in Shanghai and Jiangsu Province, the PRC.

The fair value of the identifiable assets and liabilities of Optimus Group acquired as at its date of acquisition is as follows:

Net assets acquired:	HK\$'000
Property, plant and equipment	21
Intangible assets	2,450
Deferred tax assets	802
Finance lease receivables	24,229
Accounts receivable	518
Prepayments, deposits and other receivables	31,195
Short term bank deposits	
– with original maturity within three months	35,644
Bank balances and cash	1,433
Other payables	(14,298)
	<hr/>
	81,994
Non-controlling interests	(40,177)
	<hr/>
	41,817
Gain on bargain purchases	(17)
Satisfied by:	
Cash	41,800
	<hr/>
Net cash outflow arising on acquisition:	
Cash consideration paid	(4,723)
	<hr/> <hr/>

15. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 30 September 2020 and 31 March 2020:

Description	Fair value measurement using:			Total As at
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	30 September 2020 HK\$'000 (Unaudited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Club debentures	-	37,943	-	37,943
	<u>-</u>	<u>37,943</u>	<u>-</u>	<u>37,943</u>
Total				
				31 March 2020 HK\$'000 (Audited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Club debentures	-	37,100	-	37,100
	<u>-</u>	<u>37,100</u>	<u>-</u>	<u>37,100</u>

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Directors determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model and to understand the cause of fluctuations in the fair value of the assets and liabilities.

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value
			As at 30 September 2020 <i>HK\$'000</i> (Unaudited)
Club debentures	Market approach	Quoted prices	37,943
			Fair value
			As at
			31 March
			2020
Description	Valuation technique	Inputs	<i>HK\$'000</i> (Audited)
Club debentures	Market approach	Quoted prices	37,100

For the six months ended 30 September 2020 and year ended 31 March 2020, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

16. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these condensed consolidated financial statements, the Group had the following material transactions with related companies, of which certain directors are also Directors, during the period.

Key management personnel remuneration

	For the six months ended	
	30 September 2020 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>
Short-term benefits	1,779	1,810
Post-employment benefits	9	9
Equity-settled share-based payment expenses	153	276
	<u>1,941</u>	<u>2,095</u>

Transactions with related parties

	For the six months ended	
	30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Imputed interest on redeemable convertible preference shares held by Miss Wong, Jacqueline Yue Yee (“Miss Jacqueline Wong”) (Note 1)	611	531
Rental expense paid to a related company with common controlling shareholders (Note 2)	<u>2,354</u>	<u>2,354</u>

Notes:

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

17. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

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

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

	Number of share options	
	1.4.2020 to 30.9.2020	1.4.2019 to 30.9.2019
Outstanding at the beginning of the period	198,100,000	303,200,000
Granted during the period	–	52,000,000
Lapsed during the period	<u>(12,000,000)</u>	<u>(129,100,000)</u>
Outstanding at the end of the period	<u>186,100,000</u>	<u>226,100,000</u>

The Group recognised total expenses of HK\$305,000 (for the period ended 30 September 2019: HK\$276,000) relating to share option payment transactions for the period ended 30 September 2020.

18. EVENTS AFTER THE END OF THE REPORTING PERIOD

Disposal of the Trading Business

On 25 June 2019, Deloitte Touche Tohmatsu (the “Former Auditor”) issued a letter to the Audit Committee, in which the Former Auditor requested the Audit Committee to undertake an 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).

On 18 July 2019, an independent firm (the “Independent Firm”) was engaged to conduct the Investigation. The Independent Firm issued a first report on the Investigation 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 and the Independent Firm issued a final report on the Supplemental Investigation (the “Supplemental Investigation Report”) on 4 September 2020 to the Audit Committee.

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.

On 23 November 2020, Golden Dahlia Limited (the “Seller”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the “SPA”) with Max Gain Group Limited (the “Purchaser”), pursuant to which the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, 1 share in Royal Sino Investment Limited (the “Disposal Company”), representing the total issued capital of the Disposal Company (the “Disposal”). The Disposal Company is a company incorporated in Hong Kong.

Shanghai Goldbond is wholly-owned by the Disposal Company (together with Shanghai Goldbond, the “Disposal Group”). The consideration for the Disposal payable by the Purchaser is HK\$1.00, which was determined taking into account that (i) the Disposal Group did not have any revenue since January 2019; and (ii) the Disposal Group had net liabilities prior to the date of the SPA.

The Purchaser is a company connected with Mr. Wong Yu Lung, Charles (the Chairman, an executive Director and a substantial shareholder of the Company) and Ms. Wong, Michelle Yatyee (an executive Director). The Disposal constituted a connected transaction of the Company but was fully exempted and not subject to any of the disclosure requirements under Chapter 14A of the Listing Rules.

The completion of the Disposal is expected to take place in December 2020. Upon completion, the Group will no longer hold any interests in the Disposal Group.

19. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 30 November 2020.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend in respect of the results for the Period (corresponding period in 2019: nil).

BUSINESS REVIEW

For the six months ended 30 September 2020, the Group is principally engaged in the business of (i) provision of financial services covering finance lease, factoring and small loan financing; (ii) provision of operating lease services; and (iii) provision of property technology services.

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 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.

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 Period.

The business of the Group for the Period has been adversely affected by various factors including (i) the overall economic downturn in the PRC and the ongoing Sino-US trade dispute which makes the business environment more competitive; and (ii) the outbreak of the COVID-19 pandemic since early 2020 which caused certain disruption to the Group’s business in the PRC.

Nevertheless, the operation of the Group gradually resumed to normal since the second quarter of 2020. In addition, the Company strives to grow its core business and explore different opportunities through a series of initiatives, including the formation of new subsidiary to explore the market in property technology, and the acquisition of Optimus Financial Group Limited which is engaged in the business of financial lease and operating lease in the PRC.

Despite these new businesses are still at early stage and their performance has not been reflected during the Period, the Group recorded a substantial increase revenue as compared with the corresponding period in 2019, indicating that our reform is on the right track.

Core business

Property technology services

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.

During the six months ended 30 September 2020, the provision of property technology segment realised a revenue of approximately HK\$0.9 million. The segment loss before impairment loss is approximately HK\$6.0 million.

Finance lease

As disclosed in the section headed “Material acquisitions and disposals of subsidiaries, associated companies or joint ventures” below, during the Period, the Group acquired 51% of the total issued capital of Optimus Financial Group Limited, which is currently engaged in the business of provision of finance lease and operating lease in the PRC.

During the six months ended 30 September 2020, the finance lease segment realised a revenue of approximately HK\$0.3 million. The segment loss before impairment loss is approximately HK\$0.8 million.

Operating lease

The Group’s operating lease business is mainly conducted through Optimus Financial Group Limited and Huzhou Goldbond Car Leasing Services Company Limited* (湖州金寓宏汽車租賃服務有限公司) (“Huzhou Goldbond”), a wholly-owned subsidiary of the Company, and its subsidiaries.

The Group established its first business of car operating lease in Huzhou, the PRC in March 2020, and in view of the strong momentum of such business, the Group has subsequently set up and expanded its operating lease business into new strategic locations, including Ningbo (in May 2020), Shaoxing (in May 2020), Changsha (in August 2020), Jiaxing (in September 2020), Foshan (in October 2020), Nanjing (in October 2020) and an additional new location also in Huzhou (in October 2020).

In respect of the car operating lease business, the Group (being the lessor) delivers vehicles to the end users (being the lessee) who will in return make periodic lease payments to the Group.

During the six months ended 30 September 2020, the operating lease segment realised a revenue of approximately HK\$1.3 million. The segment results before impairment loss is approximately HK\$0.2 million.

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 2020, there was no revenue generated from the factoring service segment (corresponding period in 2019: approximately HK\$5,000). The segment result before impairment loss decreased by approximately HK\$0.1 million or 7.6% to loss of approximately HK\$1.2 million (2019: loss of approximately HK\$1.3 million) for the Period.

Financial services business – Financing

During the six months ended 30 September 2020, the financing services segment realised a revenue of approximately HK\$0.2 million (corresponding period in 2019: approximately HK\$57,000). The segment loss before impairment loss decreased by approximately HK\$0.5 million or 56.6% to approximately HK\$0.3 million (corresponding period in 2019: approximately HK\$0.8 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. For the six months ended 30 September 2020, a reversal of impairment loss on advances provided to customers of approximately HK\$1.3 million was recognised (corresponding period in 2019: impairment loss of approximately HK\$1.5 million), details of which are set out below. As a result, the segment recorded a gain of approximately HK\$1.0 million (corresponding period in 2019: a loss of approximately HK\$2.3 million) for the Period.

– *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 increased, a reversal of impairment loss on advances provided to customers amounting to approximately HK\$1.3 million was recognised for the six months ended 30 September 2020.

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\$10.4 million (corresponding period in 2019: approximately HK\$17.0 million), which decreased by approximately HK\$6.6 million or 38.8% compared to previous period. During the six months ended 30 September 2020, China Rongzhong reversal of impairment losses by approximately HK\$30.0 million (corresponding period in 2019: approximately HK\$9.4 million). As a result, China Rongzhong Group reported a net profit attributable to the owners of the company of approximately HK\$18.8 million (corresponding period in 2019: loss of approximately HK\$0.1 million). The Group’s share of profit of China Rongzhong Group for the Period was approximately HK\$6.6 million (corresponding period in 2019: loss of approximately HK\$46,000).

The financial information 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 at 30 September 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 the Stock Exchange as at 30 September 2020 was approximately HK\$43.9 million (31 March 2020: approximately HK\$38.8 million). As at 30 September 2020, 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\$0.3 million while its share of profit of the Fund Manager was approximately HK\$0.6 million.

OUTLOOK

Despite the short-term economic downturn resulting from, inter alia, the Sino-US trade dispute and the COVID-19 pandemic, the Directors are optimistic about the economic development of the PRC in the long run and consider that the demands for property technology services, finance lease and operating lease in the PRC will remain strong and sustainable. During the Period, the Group has expanded its business through a series of initiatives as mentioned above, which are expected to bring significant contribution to the Group in a long run. The Group will continue to strengthen its competitive strengths in its core businesses, i.e. property technology services, finance lease and operating lease, and 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\$2.3 million, representing an increase of approximately HK\$2.2 million as compared to the previous period. The increase was due to the change in operation strategy and provision of operating lease services and property technology services which contributed to the Group a new source of income during the Period.

Interest revenue – finance lease

The Group realised interest revenue from finance lease for the Period of approximately HK\$0.2 million, representing an increase of approximately HK\$0.2 million compared to the previous period. The increase was mainly contributed by the acquisition of 51% of the total issued capital of Optimus Financial Group Limited during the Period.

Interest revenue – financing and factoring services

The Group realised interest revenue from financing and factoring services for the Period of approximately HK\$0.2 million, representing an increase of approximately HK\$0.2 million or 3,400% as compared to the previous period. The increase was mainly contributed by interest income from small loan financing in Hong Kong during the Period.

Staff costs

Staff costs of the Group amounted to approximately HK\$11.0 million, which increased by approximately HK\$5.3 million or 93.0% compared to the previous period. Such increase was mainly attributable to the increase in number of headcount during the Period.

Other operating expenses

Other operating expenses were approximately HK\$14.8 million, which increased by approximately HK\$5.4 million or 57.4% as compared to the previous period. The increase was mainly attributable to the increase in legal and professional fee.

Share of profit of associates

Share of profit of associates mainly composed of the share of profit of China Rongzhong of approximately HK\$6.6 million (corresponding period in 2019: loss of approximately HK\$46,000) and the share of profit of the Fund Manager of approximately HK\$0.6 million (corresponding period in 2019: profit of approximately HK\$0.5 million), offset by the share of loss of the Fund of approximately HK\$0.3 million (corresponding period in 2019: approximately HK\$0.4 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\$11.5 million (corresponding period in 2019: approximately HK\$10.3 million).

Other comprehensive income/(expense) for the Period

Other comprehensive income for the Period represented exchange differences arising on translation to presentation currency of approximately HK\$6.4 million (corresponding period in 2019: expense of approximately HK\$11.1 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 2020, the aggregate sum of cash, bank balances and short term bank deposits amounted to approximately HK\$151.9 million (31 March 2020: approximately HK\$163.2 million) and there was no bank borrowing. The working capital (current assets less current liabilities) and the total equity attributable to owners of the Group were approximately HK\$148.4 million (31 March 2020: approximately HK\$147.6 million) and approximately HK\$227.4 million (31 March 2020: approximately HK\$233.7 million) respectively. No gearing ratio was calculated as the Group had no debt as at 30 September 2020.

KEY FINANCIAL RATIO

Net asset value per share

	30 September 2020	31 March 2020
Net asset value per share (HK cents)	9.6	8.5

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

Charges on group assets

As at 30 September 2020, there was no charge in the Group's asset.

Contingent liabilities

As at 30 September 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 30 September 2020.

Material acquisitions and disposals of subsidiaries, associated companies or joint ventures

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 finance lease and operating lease in 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.

Formation of a subsidiary

As disclosed in the announcement of the Company dated 26 June 2020, in April 2020, the Group has formed the SZ Subsidiary with the Local Partner. 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.

Save as disclosed above, the Group did not have other material acquisition or disposal of subsidiaries, associated companies or joint ventures for the six months ended 30 September 2020.

Subsequent events

Events subsequent to 30 September 2020 are set out in note 18 to the unaudited condensed consolidated financial statements in this announcement.

Employees and remuneration policy

As at 30 September 2020, the Group had 118 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 as set out in Appendix 14 to the Listing Rules.

REVIEW OF INTERIM FINANCIAL RESULTS

The interim results and interim report of the Company for the six months ended 30 September 2020 have been reviewed by ZHONGHUI ANDA CPA Limited, the Company's independent auditor, whose review report will be included in the interim report to be despatched to shareholders of the Company.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed auditing, risk management and internal control systems and financial reporting matters including the review of the unaudited interim results and interim report of the Company for the six months ended 30 September 2020.

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 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, 30 November 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).