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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)

DECISION OF THE LISTING COMMITTEE ON CANCELLATION OF LISTING

This announcement is made by Goldbond Group Holdings Limited (the “**Company**” and, collectively with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 28 June 2019, 22 July 2019, 3 September 2019, 27 September 2019, 29 November 2019, 27 December 2019, 23 January 2020, 31 January 2020, 27 March 2020, 30 March 2020, 26 June 2020, 4 September 2020, 25 September 2020 and 24 December 2020 (collectively, the “**Announcements**”), respectively. Capitalised terms used in this announcement shall bear the same meanings as those defined in the Announcements unless the context requires otherwise.

DELISTING DECISION

On 19 March 2021, the Company received a letter (the “**Letter**”) from the Stock Exchange stating that the Listing Committee of the Stock Exchange (the “**Listing Committee**”) has decided that the Company has failed to fulfill Resumption Guidance 3 and Resumption Guidance 4 (as further described below) by the resumption deadline of 28 December 2020 and decided to cancel the Company’s listing under Rule 6.01A of the Listing Rules (the “**Delisting Decision**”). In making the Delisting Decision, the Listing Committee has considered the following¹:

1. *All forecast figures mentioned below are from the resumption proposal as submitted by the Company to the Stock Exchange and quoted in the Letter, and they do not constitute a “profit forecast” under Rule 14.61 of the Listing Rules.*

Resumption Guidance 1: Publish the findings of the Investigation and take appropriate remedial actions

- 1 The Listing Committee noted that the Company had (i) completed the Investigation and announced the key findings; and (ii) taken remedial actions to address the findings.
- 2 The Investigation findings identified issues concerning the close relationship among various parties (including in particular the Suppliers, the Customers, Mr. Jiang and Mr. Gu) and their roles in the trading transactions, certain trading transaction appearing to be circular in nature, the substance of these transaction, the off-book cash inflows and outflow and unexplained payments of consulting expenses to Mr. Chang.
- 3 The Listing Committee did not intend to take issue on the Company's fulfillment of this Resumption Guidance 1 because:
 - 3.1 The Company had ceased and disposed of the Trading Business.
 - 3.2 Neither Mr. Wong nor other Directors were found to be involved in or aware of the matters giving rise to the above issues.
 - 3.3 The management and other staff of Shanghai Goldbond involved in the Trading Business had left the Group, except for Ms. Zhou who had been assigned as a supporting staff for administrative work.
 - 3.4 The Group had received a large majority of the sales proceeds from the Trading Business, leaving the unpaid balance of RMB13.85 million in respect of which the Company had obtained a court judgment against the customer (Aer Bota).
 - 3.5 The Company would perform the internal control review (the "**Internal Control Review**") to rectify the internal control deficiencies.

Resumption Guidance 2: published all outstanding financial results required under the Listing Rules and address any audit modifications

- 4 The Company had published all the outstanding financial results. The Listing Committee agreed that the audit qualifications had been addressed. Hence, Resumption Guidance 2 had been fulfilled.

Resumption Guidance 3: conduct an independent internal control review and demonstrate adequate internal control systems being in place to meet the obligations under the Listing Rules

- 5 To date, the internal control deficiencies identified during the second phase of the Internal Control Review had not been rectified. The third phase of the Internal Control Review was still ongoing. Neither the IC Consultant nor the independent non-executive Directors had confirmed the adequacy of the Company's internal control systems. Therefore, the Listing Committee considered that Resumption Guidance 3 remained unsatisfied.

Resumption Guidance 4: demonstrate compliance with Rule 13.24

- 6 The Company had ceased all the businesses existing at the time of its trading suspension in June 2019, including the Trading Business, the small loan financing business and the factoring business. This had resulted in the Company becoming in substance a listed shell and non-compliant with Rule 13.24.
- 7 The Company sought to re-comply with Rule 13.24 by commencing the businesses of the provision of property technology services (the “**Proptech Business**”), the provision of financial services covering finance lease, factoring and financing services (the “**Financial Services Business**”) and the provision of car operating lease services in the PRC (the “**Operating Lease Business**”) in 2020. However, it had not satisfied the Listing Committee that any of these businesses was viable and sustainable, given the lack of sufficient operating history, the low level of operation scale, and the lack of evidence (by a credible financial forecast or otherwise) to demonstrate the prospect of improving its business operation scale and profitability within a short period of time or at all to ensure viability and sustainability. Therefore, Resumption Guidance 4 remained unsatisfied. This is further elaborated below.

Scale of operation

(I) Proptech Business

- 8 The Proptech Business would be the Company’s major revenue generating business (forecasted to account for 75% of the total revenue for the financial year ending 31 March 2022 (“**FY2022**”). However, the Company had not demonstrated the viability and sustainability of the business:
 - 8.1 Through the Company’s 40% owned subsidiary (the JV Company), the Proptech Business started operating in the PRC in April 2020 and generating revenue since August 2020. It had an operating history of less than one year and lacks a track record of performance. It had a less operating history in Hong Kong, just starting in 2021.
 - 8.2 The business carried on a very low level of operating scale. For the nine months ended 31 December 2020, it recorded minimal revenue of HK\$3.6 million.

Despite the revenue growth from January to March 2021, the estimated revenue for the financial year ended 31 March 2021 (“**FY2021**”) only amounts to HK\$11.7 million with estimated gross profit of HK\$5.7 million. The business was loss making, with the estimated gross profit insufficient to cover the operating costs (including the estimated staff cost of HK\$10.5 million for the business).

8.3 Despite its submission, the Company has not demonstrated the prospect of the business improving its operation scale and profitability within a short period of time or at all to ensure viability and sustainability.

- (i) For FY2022, the business was forecasted to generate revenue of HK\$75 million, with only 3.8% being supported by signed contracts. 96.2% of the forecasted revenue was said to represent potential/pipeline contracts subject to negotiation. It was uncertain whether or when the parties would enter into legally binding agreements.
- (ii) Even if all these potential/pipeline contracts were to materialise, the Group would still record a net loss of HK\$534,000 and an operating cash outflow of HK\$7.2 million for FY2022.
- (iii) Without a sufficient operating history and a credible financial forecast, the Company had not otherwise provided evidence demonstrating the edge or competitive advantages it might have in the market that would enable it to secure sufficient customers, revenues and profits to support the viability and sustainability of the business.

8.4 The Company's intention to launch artificial intelligence solutions to customers was preliminary and lacked concrete details. It is unclear how it could substantially improve the operation scale and financial results of the PropTech Business.

(II) Financial Service Business and Operating Lease Business

9 Likewise, the Financial Service Business and the Operating Lease Business each had a short operating history, starting to operate less than one year ago.

10 Each was carrying on a very low level of operating scale:

10.1 The Financial Service Business started to operate in June 2020 after acquiring Optimus Financial Group Limited ("**Optimus**"). The announcement of the Company dated 26 June 2020 stated that for the year ended 31 December 2019, Optimus recorded a loss after taxation of more than HK\$14 million.

10.2 For the nine months ended 31 December 2020, the Financial Service Business together with the Operating Lease Business only recorded revenue of HK\$1.6 million and HK\$3.5 million respectively. For FY2021, the secured revenue from these two businesses would be HK\$2.8 million and HK\$6.8 million, respectively.

10.3 Based on its plan to deploy additional capital to these two businesses, the Company forecasted these two businesses to generate total revenue of HK\$25 million only, with about half of them being supported by signed contracts.

(III) Financial forecasts

- 11 For FY2021, the Company forecasted to record total revenue of HK\$21.3 million. However, the forecasted gross profit of HK\$10.7 million would be insufficient to cover the forecasted operating expenses. The Company was expected to make a net loss of HK\$33.6 million.
- 12 For FY2022, the Company forecasted to record revenue of HK\$100 million. However, only 15.6% of the forecasted revenue was supported by signed contracts. The credibility of the forecast was questionable. In any case, even if the forecasted revenue were to materialise, the Company would still record a net loss of HK\$534,000.
- 13 Therefore, the Company's financial forecasts were not sufficient to demonstrate that it had a viable and sustainable business.

(IV) Others – asset management business

- 14 The Company planned to develop an asset management business. The plan was preliminary. The Goldbond Asia Special Situation Fund was still looking for investment opportunities and had yet to generate revenue. This business was excluded from the Company's financial forecasts and was not demonstrated to be viable and sustainable.

Sufficiency of assets

- 15 As at September 2020, the Group had total assets of HK\$329 million (of which HK\$152 million were bank deposits and cash, HK\$60 million were interest in associate and HK\$38 million were club debentures), with net assets of HK\$265 million. As noted above, the Group's assets did not generate sufficient revenue or profits to ensure the Company to operate a viable and sustainable business. Nor had the Company demonstrated that its assets would enable it to substantially improve its operations and financial performance.
- 16 The Company's controlling shareholder committed to provide capital of HK\$100 million to the Group. However, the Company did not demonstrate how this additional capital could substantially improve the Group's financial results and ensure the viability and sustainability of its businesses.
- 17 In the view of the above, the Listing Committee consider that Resumption Guidance 4 remained unsatisfied.

It is indicated in the Letter that unless the Company applies for a review of the Delisting Decision in accordance with its rights under Chapter 2B of the Listing Rules, the last day of listing of the shares of the Company would be 7 April 2021, and the listing of the shares of the Company would be cancelled with effect from 9:00 a.m. on 8 April 2021.

POSSIBLE REVIEW OF THE DELISTING DECISION

Under Rules 2B.06(2) and 2B.08(1) of the Listing Rules, the Company has the right to have the Delisting Decision reviewed by the Listing Review Committee (as defined in the Listing Rules) within 7 business days of the date of the Letter (i.e. 30 March 2021). The Company is currently considering and evaluating the Delisting Decision and seeking professional advice as to the appropriate course of action. The Company will consider lodging a request for review of the Delisting Decision before 30 March 2021.

The Company hereby reminds its shareholders and potential investors that (i) the Company may or may not proceed with the review of the Delisting Decision; and (ii) the outcome of such review, if undertaken, is uncertain. The Company will make further announcement(s) in this regard as and when appropriate and in accordance with the Listing Rules. Shareholders and potential investors who have any queries about the implications of the Delisting Decision are advised to seek professional advice as they may consider appropriate.

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

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

Hong Kong, 22 March 2021

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