金榜集團控股有限公司

GOLDBOND GROUP HOLDINGS LIMITED

(A company incorporated in Hong Kong with limited liability)

Stock Code: 00172

Interim Report 2019/20

This interim report is printed on environmentally friendly paper

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caringcompany 2017-20
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

積金好僱主
Good MPF Employer

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Yu Lung, Charles
(Chairman)
Ms. Wong, Michelle Yatyee

Independent non-executive Directors

Mr. Ma Ho Fai GBS JP
Mr. Cheng Yuk Wo
Mr. Yeh Shing Hang Kevin Arthur

AUDIT COMMITTEE

Mr. Cheng Yuk Wo *(Chairman)*
Mr. Ma Ho Fai GBS JP
Mr. Yeh Shing Hang Kevin Arthur

REMUNERATION COMMITTEE

Mr. Cheng Yuk Wo *(Chairman)*
Mr. Wong Yu Lung, Charles
Mr. Ma Ho Fai GBS JP

NOMINATION COMMITTEE

Mr. Wong Yu Lung, Charles *(Chairman)*
Mr. Cheng Yuk Wo
Mr. Ma Ho Fai GBS JP

SECRETARY

Ms. Li Fung Shan

AUDITOR

ZHONGHUI ANDA CPA Limited
(appointed with effect from 23 January 2020)

Deloitte Touche Tohmatsu
Certified Public Accountant
(resigned with effect from 23 January 2020)

STOCK CODE

00172

REGISTERED OFFICE

Unit 3901, 39/F
Tower One, Lippo Centre
89 Queensway
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–16
17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co., Ltd., Hong Kong Branch
China Construction Bank (Asia) Corporation Limited
China CITIC Bank International Limited
China Everbright Bank Co., Ltd., Hong Kong Branch
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

WEBSITES

http://www.goldbondgroup.com

This interim report is printed on soy ink

BUSINESS REVIEW

For the six months ended 30 September 2019 (the "Period"), Goldbond Group Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") continued to be principally engaged in the provision of financial services business including financing and factoring services in Hong Kong and China and held interests in associates.

On 25 June 2019, Deloitte Touche Tohmatsu (the "Former Auditor"), being the auditor of the Company since 10 November 2006, issued a letter to the Audit Committee, in which the Former Auditor requested the Audit Committee to undertake an forensic investigation (the "Investigation") in respect of the trading transactions in chemical products (the "Trading Business") by Shanghai Goldbond involving an aggregate overdue account receivables for the Group in the amount of approximately RMB57,000,000 (equivalent to approximately HK$65,000,000).

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

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

Core business

Financial services business – Financing

During the six months ended 30 September 2019, the financing services segment realised revenue of approximately HK$57,000 (corresponding period in 2018: approximately HK$708,000). The segment result before impairment loss decreased by approximately HK$0.4 million or 100% to loss of approximately HK$0.8 million (corresponding period in 2018: loss of approximately HK$0.4 million) during the Period. The decrease in revenue was mainly attributable to the fact that the Group has changed its operation strategy and reduced the scale of the business in the small loan financing which resulted in no new small loan having been granted during the Period. For the six months ended 30 September 2019, a net impairment loss of approximately HK$1.5 million was recognised (corresponding period in 2018: HK$Nil), details of which are set out below. As a result, the segment recorded a loss of approximately HK$2.3 million (corresponding period in 2018: a loss of approximately HK$0.4 million) for the Period.

– *Small loan financing*

The Group was engaged in small loan financing business through Yancheng Goldbond Supply Chain Management Limited (formerly known as Yancheng Goldbond Technology Small Loan Company Limited, “Yancheng Goldbond”), established in Yancheng, Jiangsu Province, the PRC. Yancheng Goldbond offered short-term loan financing services, loan guarantee services, direct investment and other services approved by the provincial government, to small and medium-sized enterprises (“SMEs”) and individuals in Yancheng.

In view of the Investigation and the slow-down of the economy in third-tier cities like Yancheng, the Group adjusted its operating strategy by taking a very cautious approach in granting loans. The revenue from the small loan financing business further dropped to zero as no new small loan has been granted during the Period. The Group also (i) decided to further reduce the investment in the small loan financing sector and the capital reduction of Yancheng Goldbond in the amount of US$6.5 million was approved in October 2018; and (ii) withdrew the licence of Yancheng Goldbond for conducting the business of small loan financing during the Period. Financial resources will be diverted to other businesses with better growth potential, such as factoring, financial services business and operating lease business.

– *Loan to Yong Hua International Ltd.*

As disclosed in the interim report of the Company for the six months ended 30 September 2018, Solomon Glory Limited, a wholly-owned subsidiary of the Company (“Solomon Glory”) has commenced legal proceedings against Yong Hua International Ltd. (“Yong Hua”) and Mr. Xie Xiaoqing (“Mr. Xie”) pursuant to a term loan facility in the principal amount of approximately HK$128.8 million in The Court of First Instance of The High Court. The judgement was awarded in favour of Solomon Glory. Solomon Glory is taking enforcement actions against the assets of Yong Hua and Mr. Xie for the recovery of outstanding loan. Up to the date of the announcement, we have obtained a garnishee order in respect of a bank account of Mr. Xie and recovered approximately HK$0.3 million. A charging order has also been granted by the court in Hong Kong in favour of Solomon Glory for 38,503,380 issued shares of China Rongzhong Financial Holdings Company Limited (“China Rongzhong”) (Stock code: 03963) held by Yong Hua.

The board (the “Board”) of directors (the “Directors”) of the Company, after taking into account that the share value of China Rongzhong was decreased, an impairment loss on advances provided to customers amounting to approximately HK$1.5 million was recognised for the six months ended 30 September 2019.

Financial services business – Factoring

The Group's factoring business is conducted through Jiangsu Goldbond Factoring Co., Ltd ("Jiangsu Goldbond"), a wholly-owned subsidiary of the Company.

The Group provides customers with funds secured by, amongst others, their accounts receivable, and offers them accounts receivable management services, which include review of documents relating to the accounts receivable, collection of the accounts receivable, and reports regularly to customers on matters concerning their accounts receivable. In return, the Group receives interest income as well as professional fees for the services rendered.

Before granting loans to potential customers, the Group assesses the potential borrower's credit quality and/or receivables' quality and defines the credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly.

During the six months ended 30 September 2019, the factoring service segment realised revenue of approximately HK$5,000 (corresponding period in 2018: approximately HK$9.2 million). The decrease in revenue was mainly due to decrease in contract size. The segment result before impairment loss decreased by approximately HK$9.0 million or 116.7 % to loss of approximately HK$1.3 million (2018: profit of approximately HK$7.8 million) for the Year.

Investments

Interest in an associate: 34.86% of China Rongzhong

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

Based on information publicly available, the revenue of China Rongzhong Group for the Period was approximately HK$17.0 million (corresponding period in 2018: approximately HK$26.0 million), which decreased by approximately HK$9.0 million or 35% compared to previous period. As at 30 September 2019, China Rongzhong reversal of impairment losses by approximately HK$9.4 million. As at 30 September 2018, China Rongzhong Group experienced high level of impairment loss on its finance lease receivables in the amount of approximately HK$57.1 million. As a result, China Rongzhong Group reported a net loss attributable to the owners of the company of approximately HK$0.1 million (corresponding period in 2018: approximately HK$189.3 million). The Group's share of loss of China Rongzhong Group for the Period was approximately HK$46,000 (corresponding period in 2018: approximately HK$19.7 million).

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

Also, the Board considered that the operating environment for China Rongzhong Group is expected to remain challenging. The Board carried out impairment reviews on the carrying amount of China Rongzhong as 30 September 2019 by comparing the recoverable amount with the carrying amount of the investment in China Rongzhong. Fair value less costs of disposal, measured using the quoted price for China Rongzhong listed shares on Hong Kong Exchanges and Clearing Limited as at 30 September 2019 was approximately HK$59.0 million (29 March 2019: approximately HK$64.7 million). As at 30 September 2019, the recoverable amount of China Rongzhong is higher than its carrying amount. No impairment had been recognised.

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

The Fund sold its first piece of real estate investment in Los Angeles in the United States of America with a successful closing during the year ended 31 March 2019. An investment in real estates of US$10.5 million was made in November 2018. The Fund is managed by the Fund Manager. The Fund Manager will continue to look for opportunistic investments for the Fund in the United States of America, United Kingdom and Hong Kong. The Group's share of loss of the Fund for the Period was approximately HK$0.4 million while its share of profit of the Fund Manager was approximately HK$0.5 million.

OUTLOOK

The Group's financial services businesses have remained challenging during the Period. The continuous trade between the United States and the PRC has added new uncertainties and variables to the outlook of the world economy and global financial markets. The Group will be more cautious on the counterparties' ability on resisting fluctuation in the market when exploring new opportunities in the financing businesses.

Despite the fact that the Group recorded a substantial decrease in revenue during the Period due to the Investigation and the fact that the Group has re-assessed the risk exposure of the factoring and financing business and changed its operation strategy in a prudent manner, the Group considers that such decrease is short-lived. During the Period, the Company has implemented a number of changes to its senior management team with a view to enhance operational management and help position the Group for the next phase of its growth strategy in line with its focus in developing the financial services business and exploring new business opportunities. Looking ahead, the Group will continue its business strategy of building an asset portfolio with a good balance of recurring income streams and growth opportunities.

FINANCIAL REVIEW

Revenue

The Group realised revenue for the Period of approximately HK$57,000, representing a decrease of HK$2.9 million as compared to the previous period. The decrease was due to the change in operation strategy and reduction in small loan financing and factoring service.

Interest revenue – financing and factoring services

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

Staff costs

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

Other operating expenses

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

Share of loss of associates

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

Loss for the Period attributable to the owners of the Company

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

Other comprehensive expenses for the Period

Other comprehensive expense for the Period represented exchange differences arising on translation to presentation currency of approximately HK$11.1 million (corresponding period in 2018: approximately HK$44.9 million).

Liquidity, financial resources and capital structure

The Group always seeks to maintain a healthy liquid position and retain sufficient capital for business development. The Group generally finances its operations through its internal resources. As at 30 September 2019, the aggregate sum of cash, bank balances and short term bank deposits amounted to approximately HK$177.4 million (31 March 2019: approximately HK$195.2 million) and there was no bank borrowing. The working capital (current assets less current liabilities) and the total equity of the Group were approximately HK$166.0 million (31 March 2019: approximately HK$192.2 million) and approximately HK$275.6 million (31 March 2019: approximately HK$296.7 million) respectively. No gearing ratio was calculated as the Group had no debt as at 30 September 2019.

KEY FINANCIAL RATIO

Net asset value per share

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

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

Foreign currency risk

The Group reports its operating result in Hong Kong dollar but major operations of the Group are carried out in the PRC, transacted and recorded in RMB with some monetary assets and liabilities denominated in other foreign currencies. The Group is, thus, exposed to the fluctuation in exchange rates between RMB, Hong Kong dollar and other currencies. On the other hand, our cash and cash equivalents are primarily in RMB and Hong Kong Dollars. During the Period, the Group has not entered into any hedging or other instrument to reduce currency risks. The management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

Charges on group assets

As at 30 September 2019, there was no charge in the Group's asset. As at 31 March 2019, structured deposits of approximately HK$86.1 million and short term bank deposits with original maturity more than three months of approximately HK$11.8 million were pledged to bank to comply with the deposit requirement for the issuance of bills payable by the Group.

Contingent liabilities

As at 30 September 2019, there was no contingent liability.

Future plans for material investments

Save as disclosed in this interim report, there was no other specific plan for material investments or capital assets as at 30 September 2019.

Material Acquisitions and Disposals of Subsidiaries, Associated Companies or Joint Ventures

The Group did not have any material acquisition or disposal of subsidiaries, associated companies or joint ventures for the Period.

Subsequent events

Events subsequent to 30 September 2019 are set out in note 19 to the unaudited condensed consolidated financial statements in this interim report.

Employees and remuneration policy

As at 30 September 2019, the Group had 25 staff located in both Hong Kong and the PRC. The Group remunerates these employees based on their performance, experience and prevailing industry practices. Other benefits offered to these employees include medical insurance, retirement scheme and training subsidies. In addition, the Group has set up a share option scheme for the purpose of providing incentives to the eligible employees.

In Hong Kong, the Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong). The assets of the MPF Scheme are held separately from those of the Group and administered by an independent trustee. Under the MPF Scheme, the Group and its employees are each required to make a contribution to the MPF Scheme at 5% of the employees' relevant monthly income subject to a cap, which is currently set at HK$1,500.

The employees employed by the subsidiaries in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make specified contributions.

CORPORATE GOVERNANCE

The Board is committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. During the Period, the Company has applied the principles and complied with all code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules.

BOARD COMPOSITION AND BOARD PRACTICES

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders' value. As at 30 September 2020, the Board consists of a total of five Directors, comprising two executive Directors, and three independent non-executive Directors. At least one-third of the Board are Independent non-executive Directors of which more than one have appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. All Directors (including Independent Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Articles of Association and the CG Code.

The changes in the composition of the Board subsequent to publication of the annual report of the Company for the year ended 31 March 2019 are set out below:

With effect from 1 May 2019, Mr. Ding Chung Keung, Vincent has resigned as an executive Director and the chief executive officer of the Company.

On 20 June 2019, Mr. Ng Chi Keung MH resigned as an independent non-executive Director.

On 21 June 2019, Mr. Wong Yu Lung, Charles, the then Deputy Chairman and an executive Director, has been appointed as the Chairman of the Company.

On 16 September 2019, Mr. Yeh Shing Hang Kevin Arthur has been appointed as an independent non-executive Director.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code for securities transactions by directors of listed issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries to all Directors, they confirmed that they had fully complied with the Model Code throughout the Period.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of the CG Code. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Cheng Yuk Wo (Chairman), Mr. Ma Ho Fai GBS JP and Mr. Yeh Shing Hang Kevin Arthur. The chief responsibilities of the Audit Committee include making recommendations to the Board on the appointment, reappointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of the resignation or dismissal of such auditors; reviewing the financial results of the Group; and supervising the financial reporting process and effectiveness of internal control system of the Group.

With effect from 20 June 2019, Mr. Ng Chi Keung MH ceased to be a member of the Audit Committee.

With effect from 16 September 2019, Mr. Yeh Shing Hang Kevin Arthur has been appointed as a member of the Audit Committee.

The Audit Committee has reviewed and discussed the interim results for the six months ended 30 September 2020 and this report.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") with written terms of reference. The Remuneration Committee comprises two independent non-executive Directors, namely, Mr. Cheng Yuk Wo (Chairman of the Remuneration Committee) and Mr. Ma Ho Fai GBS JP, and one executive Director, Mr. Wong Yu Lung, Charles.

With effect from 1 May 2019, Mr. Wong, the executive Director and then deputy Chairman and current Chairman of the Company, was appointed as a member of the Remuneration Committee of the Company.

With effect from 1 May 2019, Mr. Ding Chung Keung, Vincent has resigned ceased to be a member of the Remuneration Committee of the Company.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the senior management, and reviewing the remuneration packages of all Executive Directors and the senior management with reference to the corporate goals and objectives of the Board resolved from time to time.

NOMINATION COMMITTEE

In compliance with the CG Code, the Company established its nomination committee (the "Nomination Committee") in March 2012 with a majority of the members thereof being Independent Non-executive Directors. The Nomination Committee comprises a executive Director, namely, Mr. Wong Yu Lung, Charles (Chairman of the Nomination Committee) and two independent non-executive Directors, Mr. Cheng Yuk Wo and Mr. Ma Ho Fai GBS JP.

Mr. Wong, an executive Director and then deputy Chairman and current Chairman of the Company, was appointed as a member and the Chairman of the Nomination Committee with effect from 1 May 2019 and 21 June 2019, respectively.

With effect from 1 May 2019, Mr. Ding Chung Keung, Vincent ceased to be a member of the Nomination Committee.

With effect from 20 June 2019, Mr. Ng Chi Keung MH ceased to be a member and the Chairman of the Nomination Committee.

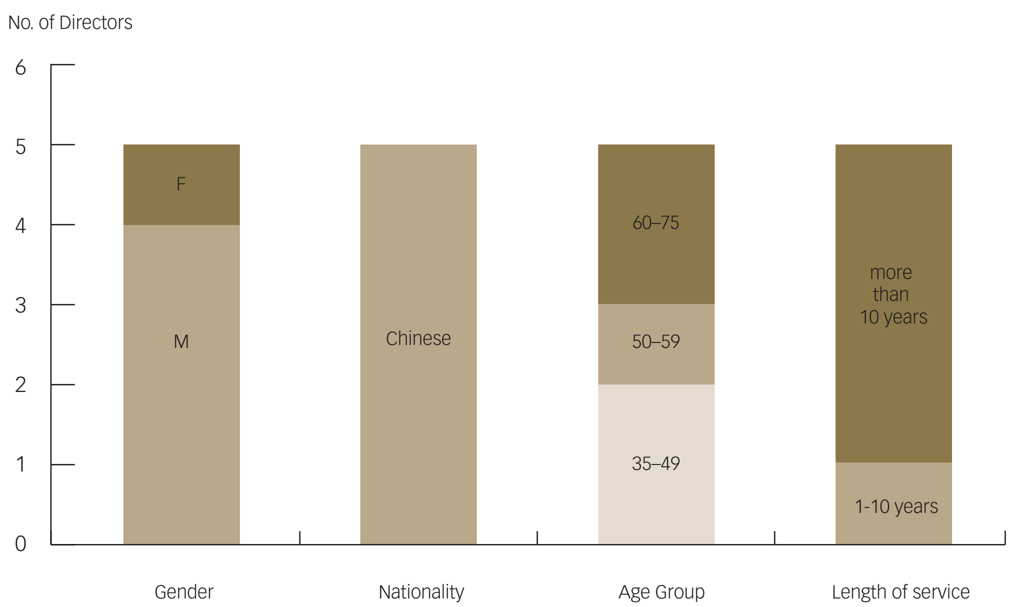
With effect from 21 June 2019, Mr. Ma Ho Fai GBS JP has been appointed as a member of the Nomination Committee.

The primary objectives of the Nomination Committee are to review the size, structure and composition of the Board, identify suitably qualified individual for appointment to the Board, assess the independence of independent non-executive Directors and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy on 1 September 2013 which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 September 2019, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares ("Shares")/underlying Shares of the Company

		Number of Shares/underlying Shares				
Name of Director	Capacity	Personal Interest	Corporate Interest	Other Interest	Total	Approximate % of Shareholding *(Note 7)*
Mr. Wong Yu Lung, Charles ("Mr. Wong")	Beneficial owner and trustee of discretionary trusts	103,000,000 *(Note 1)*	–	1,575,465,517 *(Note 2)*	1,678,465,517	60.77%
Ms. Wong, Michelle Yatyee ("Ms. Michelle Wong")	Beneficial owner and beneficiary of discretionary trusts	49,000,000 *(Note 3)*	–	1,575,465,517 *(Note 2)*	1,624,465,517	58.81%
Mr. Ma Ho Fai GBS JP ("Mr. Ma")	Beneficial owner	2,700,000 *(Note 4)*	–	–	2,700,000	0.10%
Mr. Cheng Yuk Wo ("Mr. Cheng")	Beneficial owner	2,600,000 *(Note 5)*	–	–	2,600,000	0.09%
Mr. Wong Ming Bun David ("Mr. D. Wong")	Beneficial owner	26,000,000 *(Note 6)*	–	–	26,000,000	0.94%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS (continued)

Long positions in shares of US$0.1 each of an associated corporation, namely, Goldbond Capital Investments Limited

Name of Director	Capacity	Number of shares	Approximate % of Shareholding *(Note 8)*
Mr. Wong	Trustee of a trust	124,000	31%
Ms. Michelle Wong	Beneficiary of a trust	124,000	31%

Long position in shares of HK$0.01 each of an associated corporation, namely, China Rongzhong Financial Holdings Company Limited ("China Rongzhong")

Name of Director	Capacity	Number of shares	Approximate % of Shareholding *(Note 9)*
Ms. Michelle Wong	Trustee of a trust	20,234,242	4.91%

Notes:

1. These interests represented the share options granted to Mr. Wong under the 2002 Scheme and the 2012 Scheme (as defined under the section headed "SHARE OPTION SCHEMES" on pages 16 to 17 of this report).

2. These Shares were indirectly held by two discretionary trusts. The assets of these trusts included the entire issued share capital of Allied Luck Trading Limited ("Allied Luck") (directly holding 855,808,725 Shares), Allied Golden Investment Limited ("Allied Golden") and Aceyork Investment Limited ("Aceyork") (indirectly holding 719,656,792 Shares through Ace Solomon Investments Limited ("Ace Solomon"), a company which was equally owned by Allied Golden and Aceyork). The trustees of these trusts were Mr. Wong and Mrs. Wong Fang Pik Chun ("Mrs. Wong") and the beneficiaries of these trusts were Ms. Michelle Wong and Miss Wong, Jacqueline Yue Yee ("Miss Jacqueline Wong") and their children.

   In light of the above, each of Mr. Wong and Ms. Michelle Wong is deemed to be interested in these Shares under the SFO.

3. These interests represented the share options granted to Ms. Michelle Wong under the 2002 Scheme and the 2012 Scheme.

4. These interests included 1,200,000 Shares and 1,500,000 share options granted to Mr. Ma under the 2002 Scheme.

5. These interests represented the share options granted to Mr. Cheng under the 2002 Scheme.

6. These interests represented the share options granted to Mr. D. Wong under the 2012 Scheme.

7. As at 30 September 2019, there was a total of 2,761,912,843 Shares in issue.

8. As at 30 September 2019, there was a total of 400,000 shares of Goldbond Capital Investments Limited in issue.

9. As at 30 September 2019, there was a total of 412,509,000 shares of China Rongzhong in issue.

Save as disclosed above, as at 30 September 2019, none of the Directors or chief executive of the Company or any of their respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30 September 2019, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the Shares/underlying Shares of the Company

Name of substantial shareholder	Capacity	Number of Shares/ underlying Shares	Total	Approximate % of Shareholding *(Note 5)*
Mrs. Wong	(i) Interest of spouse	103,000,000 *(Note 1)*	1,678,465,517	60.77%
	(ii) Trustees	1,575,465,517 *(Note 2)*		
Miss Jacqueline Wong	Beneficiary of the discretionary trusts	1,575,465,517 *(Note 2)*	1,575,465,517	57.04%
Mr. Kwok Wing-Sien ("Mr. Kwok")	Interest of spouse	1,624,465,517 *(Note 3)*	1,624,465,517	58.81%
Allied Luck	Beneficial owner	855,808,725	855,808,725	30.99%
Ace Solomon	Beneficial owner	719,656,792 *(Note 4)*	719,656,792	26.06%
Aceyork	Interest in controlled corporation	719,656,792 *(Note 4)*	719,656,792	26.06%
Allied Golden	Interest in controlled corporation	719,656,792 *(Note 4)*	719,656,792	26.06%

Long position in the Company's redeemable convertible preference shares ("PS") *(Note 6)*

Name of substantial shareholder	Capacity	Total number of PS	Approximate % of shareholding of PS
Miss Jacqueline Wong	Interest in controlled corporation	68,400,000	100%

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS (CONTINUED)

Notes:

1. Mrs. Wong is deemed to be interested in these underlying Shares held by Mr. Wong, her spouse, for the purpose of the SFO.

2. These Shares were indirectly held by two discretionary trusts. The assets of these trusts included the entire issued share capital of Allied Luck (directly holding 855,808,725 Shares), Allied Golden and Aceyork (indirectly holding 719,656,792 Shares through Ace Solomon, a company which was equally owned by Allied Golden and Aceyork). The trustees of these trusts were Mr. Wong and Mrs. Wong and the beneficiaries of these trusts were Ms. Michelle Wong and Miss Jacqueline Wong and their children.

   In light of the above, each of Mrs. Wong and Miss Jacqueline Wong is deemed to be interested in these Shares.

3. Mr. Kwok is deemed to be interested in these Shares/underlying Shares held by Ms. Michelle Wong, his spouse, for the purpose of the SFO.

4. These Shares were held by Ace Solomon as described in Note 2 above. Allied Golden and Aceyork are taken to be interested in these Shares.

5. As at 30 September 2019, there was a total of 2,761,912,843 Shares in issue.

6. As at 30 September 2019, there was a total of 68,400,000 PS in issue.

Save as disclosed above, as at 30 September 2019, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section "Share Option Schemes" below, at no time during the six months ended 30 September 2020 was the Company, or any of its subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined under the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEMES

On 31 August 2012, the Company terminated the old share option scheme (the "2002 Scheme") which was adopted on 18 September 2002, and adopted a new share option scheme (the "2012 Scheme") on the same date with similar terms for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants under the 2012 Scheme include, among others, employees (whether full time or part time), Directors, controlling shareholders, customers, adviser, consultant, contractor, suppliers, agents or service providers of the Group. No further share options will be granted under the 2002 Scheme, but the provisions of the 2002 Scheme remain in full force and effect 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 maximum number of shares which may be issued upon exercise of all options that are or may be granted under the 2012 Scheme and the 2002 Scheme equals to 10% of the shares in issue as at the date of adoption of the 2012 Scheme.

An option granted under the 2012 Scheme shall be subject to such terms and conditions (if any) as may be determined by the Board at the date of offer and specified in the offer. Such terms and conditions may include a minimum period for which any option must be held before it can be exercised and/or any performance target which need to be achieved by an option-holder before the option can be exercised.

Details of the movements of share options under the 2002 Scheme during the Period were as follows:

Grantee	Date of grant	Exercise price (HK$)	Exercise period *(Note 2)*	Outstanding at 31/3/19	Lapsed during the Period	Outstanding at 30/9/19
Directors						
Mr. Wong	13/10/2009	0.500	13/10/2012 – 12/10/2019	26,000,000	–	26,000,000
	1/2/2011	0.410	1/2/2014 – 31/1/2021	26,000,000	–	26,000,000
Ms. Michelle Wong	1/2/2011	0.410	1/2/2014 – 31/1/2021	13,000,000	–	13,000,000
Mr. Ma	1/2/2011	0.410	1/2/2014 – 31/1/2021	1,500,000	–	1,500,000
Mr. Cheng	1/2/2011	0.410	1/2/2014 – 31/1/2021	2,600,000	–	2,600,000
Mr. Ding Chung Keung, Vincent (also the Chief Executive Officer) *(Note 3)*	13/10/2009	0.500	13/10/2012 – 12/10/2019	26,000,000	(26,000,000)	–
	1/2/2011	0.410	1/2/2014 – 31/1/2021	26,000,000	(26,000,000)	–
Eligible employees (in aggregate)	1/2/2011	0.410	1/2/2014 – 31/1/2021	7,600,000	(4,500,000)	3,100,000
				128,700,000	(56,500,000)	72,200,000

SHARE OPTION SCHEMES (CONTINUED)

Details of the movements of share options under the 2012 Scheme during the Period were as follows:

Grantee	Date of grant	Exercise price (HK$)	Exercise period *(Note 2)*	Outstanding at 31/3/19	Granted during the Period	Lapsed during the Period	Outstanding at 30/9/19
Directors							
Mr. Wong	14/10/2014	0.360	14/10/2016 – 13/10/2024	26,000,000	–	–	26,000,000
	8/12/2016	0.272	8/12/2018 – 7/12/2026	25,000,000	–	–	25,000,000
Ms. Michelle Wong	8/12/2016	0.272	8/12/2018 – 7/12/2026	10,000,000	–	–	10,000,000
	18/4/2019	0.230	18/4/2022 – 17/4/2029	–	26,000,000	–	26,000,000
Mr. Ding Chung Keung, Vincent (also the Chief Executive Officer) *(Note 3)*	14/10/2014	0.360	14/10/2016 – 13/10/2024	26,000,000	–	(26,000,000)	–
	8/12/2016	0.272	8/12/2018 – 7/12/2026	25,000,000	–	(25,000,000)	–
Mr. Ng Chi Keung MH *(Note 4)*	28/6/2013	0.295	28/6/2015 – 27/6/2023	2,600,000	–	(2,600,000)	–
Eligible employees (in aggregate)	28/6/2013	0.295	28/6/2015 – 27/6/2023	11,300,000	–	(6,000,000)	15,300,000
	14/10/2014	0.360	14/10/2016 – 13/10/2024	35,500,000	–	(5,000,000)	30,500,000
	8/12/2016	0.272	8/12/2018 – 7/12/2026	13,100,000	–	(8,000,000)	5,100,000
	18/4/2019	0.230	18/4/2022 – 17/4/2029	–	26,000,000	–	26,000,000
				174,500,000	52,000,000	(72,600,000)	153,900,000

Notes:

1. During the Period, no share options were exercised or cancelled under the 2002 Scheme and the 2012 Scheme;
2. The vesting period of the share options is from the date of grant until the commencement of the exercise period;
3. Mr. Ding Chung Keung, Vincent resigned as a Director and the Chief Executive Officer with effect from 1 May 2019; and
4. Mr. Ng Chi Keung MH resigned as a Director with effect from 20 June 2019.

REVIEW OF INTERIM FINANCIAL RESULTS

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

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

1. **Interests in associates**

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

2. **Revenue**

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

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.

INTERIM DIVIDEND

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

FORWARD-LOOKING STATEMENTS

This interim report contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board regarding the industry and markets in which it operates. These forward looking statements are subject to risks, uncertainties and other factors beyond the Company’s control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

中汇 ZHONGHUI

TO THE BOARD OF DIRECTORS OF GOLDBOND GROUP HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 21 to 44 which comprises the condensed consolidated statement of financial position of the Company as at 30 September 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BASIS FOR QUALIFIED CONCLUSION

1. Interests in associates

Share of loss of an associate of approximately HK$26,149,000 was recognised for the six months ended 30 September 2018. 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 six months ended 30 September 2018.

2. Revenue

Included in the revenue for the six months ended 30 September 2018 is income from financing service of approximately HK$708,000. We have been unable to obtain sufficient appropriate audit evidence to ascertain the nature of transactions. There were no other satisfactory review procedures that we could perform to satisfy ourselves whether the aforesaid amount were properly recorded for the six months ended 30 September 2018.

CONCLUSION

Based on our review, with the exception of the matters described in the Basis for Qualified Conclusion paragraphs, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Fong Tak Ching
Practising Certificate Number P06353
Hong Kong
4 November 2020

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

Condensed Consolidated Statement of Financial Position

As at 30 September 2019

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

	Attributable to owners of the Company							
	Share capital HK$'000	**Investment revaluation reserve*** HK$'000	**Employee share-based compensation reserve*** HK$'000	**General reserve*** HK$'000	**Statutory surplus reserve*** HK$'000	**Translation reserve*** HK$'000	**Accumulated losses*** HK$'000	**Total** HK$'000
At 1 April 2018 (Audited)	829,209	3,000	38,374	6,000	3,108	(6,249)	(362,355)	511,087
Prior year adjustments	–	–	–	–	–	(1,794)	30,184	28,390
Recognition upon initial application of HKFRS 9	–	(3,000)	–	–	–	–	25,343	22,343
At 1 April 2018 (Restated)	829,209	–	38,374	6,000	3,108	(8,043)	(306,828)	561,820
Loss for the period	–	–	–	–	–	–	(15,996)	(15,996)
Exchange differences on translation to presentation currency attributable to:								
The Group (Restated)	–	–	–	–	–	(37,047)	–	(37,047)
An associate (Restated)	–	–	–	–	–	(7,827)	–	(7,827)
Total comprehensive expense for the period (Restated)	–	–	–	–	–	(44,874)	(15,996)	(60,870)
Expiry of share options	–	–	(1,439)	–	–	–	1,439	–
Lapse of share options	–	–	(371)	–	–	–	371	–
Recognition of equity-settled share-based payment expenses	–	–	1,556	–	–	–	–	1,556
Transferred to statutory surplus reserve	–	–	–	–	–	–	–	–
Sub-total (Restated)	–	–	(254)	–	–	–	1,810	1,556
At 30 September 2018 (Unaudited)	829,209	–	38,120	6,000	3,108	(52,917)	(321,014)	502,506
At 1 April 2019 (Audited)	829,209	–	38,234	6,000	4,245	(42,084)	(538,905)	296,699
Loss for the period	–	–	–	–	–	–	(10,326)	(10,326)
Exchange differences on translation to presentation currency attributable to:								
The Group	–	–	–	–	–	(8,674)	–	(8,674)
An associate	–	–	–	–	–	(2,413)	–	(2,413)
Total comprehensive expense for the period	–	–	–	–	–	(11,087)	(10,326)	(21,413)
Lapse of share options	–	–	(16,376)	–	–	–	16,376	–
Recognition of equity-settled share-based payment expenses	–	–	276	–	–	–	–	276
Sub-total	–	–	(16,100)	–	–	–	16,376	276
At 30 September 2019 (Unaudited)	829,209	–	22,134	6,000	4,245	(53,171)	(532,855)	275,562

Note: Pursuant to the articles of association of the group companies established in the People's Republic of China (the "PRC"), the group companies are required to appropriate 10% or an amount to be determined by the directors of their respective profit after taxation in accordance with the relevant accounting rules and financial regulations of the PRC before any distribution of dividends to owners each year to the statutory surplus reserve until their balances reach 50% of their respective registered capital.

* These reserve accounts comprise the consolidated reserves in the consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	**(96,687)**	9,027
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity of structured deposits	**84,767**	136,038
Placement of structured deposits	**–**	(245,330)
Withdrawal of short term bank deposits with original maturity more than three months	**11,938**	70,789
Other investment activities	**(829)**	3,534
Net cash generated from/(used in) investing activities	**95,876**	(34,969)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease payment	**(2,162)**	–
Net cash used in financing activities	**(2,162)**	–
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(2,973)**	(25,942)
Cash and cash equivalents at beginning of period	**183,436**	224,534
Effect on foreign exchange rate changes	**(3,206)**	(4,567)
Cash and cash equivalents at end of period	**177,257**	194,025
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**16,437**	7,605
Short term bank deposits with original maturity within three months	**160,820**	186,420
	177,257	194,025

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 and factoring 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 2019 annual consolidated financial statements for the year ended 31 March 2019 ("2019 Annual Report"). The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in 2019 Annual Report except as stated below.

Leases

The Group as lessee

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

Land and buildings	1 to 3 years

2. BASIS OF PREPARATION (CONTINUED)

Leases (continued)

The Group as lessee (continued)

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

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

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2019. HKFRSs comprise Hong Kong Financial Reporting Standards ("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 financial statements and amounts reported for the current period and prior years, except as stated below.

HKFRS 16

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

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

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

HKFRS 16 (continued)

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

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

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

4. PRIOR YEAR ADJUSTMENTS

(a) Revenue and cost of sales of trading business

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

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

Based on the findings of the Investigation, the Independent Firm and the directors of the Company considered those trading transactions were not primarily for trading purpose but as a part and parcel arrangement aimed for earning finance income. In upholding the principle of prudence by the directors of the Company, prior year adjustments have been made by the directors of the Company to record those trading revenue as finance income. As a result, prior year adjustments have been made to reclassify the cost of sales of the trading business amounting to approximately HK$198,658,000 to revenue for the six months ended 30 September 2018.

4. PRIOR YEAR ADJUSTMENTS (CONTINUED)

(b) Interests in associates

The management of the Company carried out impairment assessment on the carrying amount of the interest in China Rongzhong Financial Holdings Company Limited ("China Rongzhong"), an associate of the Company and listed on the Stock Exchange, as at 31 March 2018. The recoverable amount of China Rongzhong amounting to approximately HK$138,054,000 as at 31 March 2018, which is higher than the carrying amount as at same day. In accordance with HKAS 36 – Impairment of Assets, a full reversal of impairment loss on interest in an associate amounting to approximately HK$21,930,000 and exchange differences on translation to presentation currency attributable to an associate amount to approximately HK$262,000 have been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018. Accordingly, exchange differences on translation to presentation currency attributable to an associate amounting to approximately HK$2,336,000 have been recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2018.

(c) Foreign currencies

In previous periods, certain exchange differences arising from amounts receivable from or payable to the foreign operations of the Company which are neither planned nor likely to occur settlement in the foreseeable future are, in substance, a part of the entity' s net investment in that foreign operation. Together with a portion of exchange differences arises from the investment in subsidiaries, an amount totaling approximately HK$13,817,000 was recognised in the condensed consolidated statement of profit or loss for the six months ended 30 September 2018.

As a result, in accordance with HKAS 21 – The Effects of Changes in Foreign Exchange Rates, the Group has made a retrospective restatement to re-classify the loss for the period of approximately HK$13,817,000 to other comprehensive income of approximately HK$13,817,000 for the six months ended 30 September 2018.

The following tables disclose the restatements that have been made in order to reflect the above corrections to each of the line items in the condensed consolidated financial statement of comprehensive income as previously reported for the six months ended 30 September 2018 as previously reported:

4. PRIOR YEAR ADJUSTMENTS (CONTINUED)

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

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

5. OPERATING SEGMENT INFORMATION

The Group's operating segments, identified on the basis of internal reports 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 service segment: provision of factoring services; and

(b) financial services business – financing service segment: provision of financing services.

The segment information is reported below.

Segment revenue and results

An analysis of the Group's revenue and results by reportable and operating segments is as follows:

	For the six months ended 30 September 2019		
	Financial services business – factoring service (Unaudited) HK$'000	Financial services business – financing service (Unaudited) HK$'000	Total (Unaudited) HK$'000
Revenue from other sources	–	57	57
Interest revenue – financing and factoring services	5	–	5
Segment revenue	5	57	62
Segment results before impairment loss	(1,295)	(777)	(2,072)
Impairment loss on advances provided to customers	–	(1,540)	(1,540)
Segment results	(1,295)	(2,317)	(3,612)
Unallocated 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			49
Loss before taxation			(10,433)

5. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

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

Segment results represent the profit/(loss) earned by each segment, without allocation of central administration costs, interest revenue and other income (primarily certain interest income from bank deposits), net exchange gain, finance costs and share of loss of associates. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

5. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

	As at 30 September 2019		
	Financial services business – factoring service (Unaudited) HK$'000	Financial services business – financing service (Unaudited) HK$'000	Total (Unaudited) HK$'000
Assets			
Segment assets	1,186	2,904	4,090
Interests in associates			74,905
Loan to an associate			1,470
Unallocated assets			244,180
Total assets			324,645
Liabilities			
Segment liabilities	882	1,490	2,372
Unallocated liabilities			46,711
Total liabilities			49,083

5. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (continued)

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

For the purposes of monitoring segment performance and allocating resources between segments, the CODM monitors the tangible and financial assets attributable to each segment. All assets are allocated to reportable segments other than interests in associates, loan to an associate, part of short term bank deposits, bank balances and cash, and certain corporate assets for central administrative uses. All liabilities are allocated to reportable segments other than taxation, redeemable convertible preference shares and certain corporate liabilities incurred for central administrative purpose.

6. REVENUE

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

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

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

Disaggregation of revenue from contracts with customers:

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

7. LOSS FOR THE PERIOD

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

8. TAXATION

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

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

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

9. DIVIDEND

The Directors do not recommend the payment of an interim dividend during the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

10. LOSS PER SHARE

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

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

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

11. EQUIPMENT

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

12. ACCOUNTS RECEIVABLE

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

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

13. ADVANCES PROVIDED TO CUSTOMERS

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

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

14. BILLS AND OTHER PAYABLES

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

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

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

15. 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.

15. FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Disclosures of level in fair value hierarchy at 30 September 2019 and 31 March 2019:

Description	Fair value measurement using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total As at 30 September 2019 HK$'000 (Unaudited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Club debentures	**–**	**38,664**	**–**	**38,664**
	–	**38,664**	**–**	**38,664**

Description	Fair value measurement using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total As at 31 March 2019 HK$'000 (Audited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Structured deposits	–	86,065	–	86,065
Club debentures	–	40,463	–	40,463
	–	126,528	–	126,528

15. FAIR VALUE MEASUREMENTS (CONTINUED)

(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 2019 HK$'000 (Unaudited)**
Club debentures	Market approach	Quoted prices	**38,664**

Description	Valuation technique	Inputs	Fair value As at 31 March 2019 HK$'000 (Audited)
Structured deposits	Income approach	Risk free rate Credit spread Discount rate	86,065
Club debentures	Market approach	Quoted prices	40,463

For the six months ended 30 September 2019 and year ended 31 March 2019, 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. PLEDGE OF ASSETS

As at 30 September 2019 and 31 March 2019, assets with the following carrying amounts were pledged to secure the bills payables as disclosed in Note 14:

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

17. 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	
	2019 (Unaudited) HK$'000	2018 (Unaudited) HK$'000
Short-term benefits	**1,810**	3,152
Post-employment benefits	**9**	16
Equity-settled share-based payment expenses	**276**	1,319
	2,095	4,487

17. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with related parties

	For the six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Imputed interest on redeemable convertible preference shares held by Miss Jacqueline Wong (Note 1)	**531**	462
Rental expense paid to a related company with common controlling shareholders (Note 2)	**2,354**	2,354

Notes:

1. 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.

2. Mr. Wong and his daughter Ms. Wong, Michelle Yatyee ("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.

18. 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	
	1.4.2019 to 30.9.2019	1.4.2018 to 30.9.2018
Outstanding at the beginning of the period	**303,200,000**	317,700,000
Granted during the period	**52,000,000**	–
Expired during the period	**–**	(4,600,000)
Lapsed during the period	**(129,100,000)**	(3,800,000)
Outstanding at the end of the period	**226,100,000**	309,300,000

The Group recognised total expenses of HK$276,000 (for the period ended 30 September 2018: HK$1,556,000) relating to share option payment transactions for the period ended 30 September 2019.

19. 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 interim report.