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GOLDBOND GROUP HOLDINGS LIMITED

金榜集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 00172)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

The board of directors (the “Board”) of Goldbond Group Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2014 (the “Period”) together with comparative figures. The results have been reviewed by the Company’s auditor, Deloitte Touche Tohmatsu, and by the Company’s audit committee.

FINANCIAL HIGHLIGHTS	1 April 2014 to 30 September 2014	1 April 2013 to 30 September 2013	Changes
	HK\$’000 (Unaudited)	HK\$’000 (Unaudited)	
OPERATING RESULTS			
Continuing Operations			
Revenue	35,433	31,355	13%
Profit for the period from continuing operations	84,964	70,780	20%
Profit for the period attributable to owners of the Company	84,964	108,763	(22)%
Total comprehensive income for the period attributable to owners of the Company	84,964	147,172	(42)%
Basic earnings per share from continuing operations	HK3.10 cents	HK2.58 cents	20%
Basic earnings per share from continuing and discontinued operations	HK3.10 cents	HK3.96 cents	(22)%
FINANCIAL POSITION			
	30 September 2014	31 March 2014	
	HK\$’000 (Unaudited)	HK\$’000 (Audited)	
Equity attributable to owners of the Company	2,296,720	2,252,315	2%

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2014

		1 April 2014 to 30 September 2014	1 April 2013 to 30 September 2013
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
Continuing operations			
Revenue	3	35,433	31,355
Other income		8,067	7,652
Staff costs		(10,561)	(8,016)
Other operating expenses		(7,169)	(8,722)
Change in fair values of financial liabilities		(11,542)	(7,630)
Direct finance costs		(151)	–
Other finance costs		(264)	(230)
Share of profit of joint ventures		73,813	57,716
Profit before taxation	4	87,626	72,125
Taxation	5	(2,662)	(1,345)
Profit for the period from continuing operations		84,964	70,780
Discontinued operations			
Profit for the period from discontinued operations	6	–	47,188
Profit for the period		84,964	117,968
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation		–	28,726
Share of other comprehensive income of a joint venture		–	15,356
Other comprehensive income for the period		–	44,082
Total comprehensive income for the period		84,964	162,050
Profit for the period attributable to:			
Owners of the Company		84,964	108,763
Non-controlling interests		–	9,205
		84,964	117,968

		1 April 2014 to 30 September 2014	1 April 2013 to 30 September 2013
	<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
Total comprehensive income for the period attributable to:			
Owners of the Company		84,964	147,172
Non-controlling interests		–	14,878
		84,964	162,050
Earnings per share	9		
From continuing and discontinued operations			
– Basic		HK3.10 cents	HK3.96 cents
– Diluted		HK3.08 cents	HK3.96 cents
From continuing operations			
– Basic		HK3.10 cents	HK2.58 cents
– Diluted		HK3.08 cents	HK2.58 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

		30 September 2014	31 March 2014
	<i>Note</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Equipment		3,243	3,101
Interests in joint ventures		1,556,076	1,482,263
Loan to a joint venture		–	466,588
Club debentures		18,639	18,639
Deferred tax asset		3,686	3,212
		1,581,644	1,973,803
Current assets			
Loan to a joint venture		489,362	–
Advances provided to customers	<i>10</i>	272,763	116,804
Prepayments, deposits and other receivables		6,260	5,001
Short term bank deposits			
– with original maturity within three months		200,490	229,578
– with original maturity more than three months		60,316	102,992
Bank balances and cash		117,519	182,308
		1,146,710	636,683
Current liabilities			
Other payables and accrued charges		21,561	34,569
Taxation		3,163	650
Bank borrowings		72,152	–
Liabilities under shareholders' agreements		309,307	3,606
		406,183	38,825
Net current assets		740,527	597,858
Total assets less current liabilities		2,322,171	2,571,661

	30 September 2014	31 March 2014
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Capital and reserves		
Share capital	822,433	822,433
Reserves	1,474,287	1,429,882
Total equity	2,296,720	2,252,315
Non-current liabilities		
Liabilities under shareholders' agreements	21,537	315,696
Redeemable convertible preference shares	3,914	3,650
	25,451	319,346
	2,322,171	2,571,661

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment entities;
- Amendments to HKAS 32 Offsetting financial assets and financial liabilities;
- Amendments to HKAS 36 Recoverable amount disclosures for non-financial assets;
- Amendments to HKAS 39 Novation of derivatives and continuation of hedge accounting; and
- HK (IFRIC)-Int 21 Levies.

The application of the above new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new or revised standards and amendments that have been issued but are not yet effective.

3. 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 chief operating decision maker in order to allocate resources to the segments and to assess performance, are summarised as follows:

- (a) Provision of financing service including financing, project financing and consultancy service; and
- (b) Provision of factoring service.

The segment information in respect of continuing operations is reported below.

Segment revenue and results

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

Six months ended 30 September 2014

Continuing operations

	Financing service HK\$'000	Factoring service HK\$'000 (Note)	Total HK\$'000
Revenue from customers	<u>29,354</u>	<u>6,079</u>	<u>35,433</u>
Segment results	<u>25,316</u>	<u>5,781</u>	31,097
Unallocated other income			7,473
Change in fair values of financial liabilities			(11,542)
Central administration costs			(12,951)
Other finance costs			(264)
Share of profit of joint ventures			<u>73,813</u>
Profit before taxation (continuing operations)			<u>87,626</u>

Six months ended 30 September 2013

Continuing operations

	Financing service HK\$'000	Factoring service HK\$'000	Total HK\$'000
Revenue from customers	<u>31,355</u>	<u>–</u>	<u>31,355</u>
Segment results	<u>29,970</u>	<u>–</u>	29,970
Unallocated other income			7,267
Change in fair values of financial liabilities			(7,630)
Central administration costs			(10,641)
Net exchange loss			(4,327)
Other finance costs			(230)
Share of profit of joint ventures			<u>57,716</u>
Profit before taxation (continuing operations)			<u>72,125</u>

Segment results represent the profit earned by each segment without allocation of central administration costs, other income (primarily bank interest income), change in fair values of financial liabilities, net exchange loss, other finance costs and share of profit of joint ventures. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

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

As at 30 September 2014

	Financing service HK\$'000	Factoring service HK\$'000	Total HK\$'000
Assets			
Segment assets	625,412	139,014	764,426
Interests in joint ventures			1,556,076
Deferred tax asset			3,686
Unallocated assets			404,166
Total assets			2,728,354
Liabilities			
Segment liabilities	155	72,540	72,695
Unallocated liabilities			358,939
Total liabilities			431,634

As at 31 March 2014

	Financing service HK\$'000	Factoring service HK\$'000	Total HK\$'000
Assets			
Segment assets	585,674	–	585,674
Interests in joint ventures			1,482,263
Deferred tax asset			3,212
Unallocated assets			539,337
Total assets			2,610,486
Liabilities			
Segment liabilities	846	–	846
Unallocated liabilities			357,325
Total liabilities			358,171

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments other than the interests in joint ventures, club debentures, 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 payable, liabilities under shareholders' agreements, redeemable convertible preference shares and certain corporate liabilities incurred for central administrative purpose.

Revenue from continuing operations represents income generated from external customers in the People's Republic of China ("China") of HK\$12,659,000 (HK\$4,596,000 for the six months ended 30 September 2013) and loan interest income generated from a joint venture incorporated outside China of HK\$22,774,000 (HK\$26,759,000 for the six months ended 30 September 2013).

Note: Included in segment results are direct finance costs of HK\$151,000 (nil for the six months ended 30 September 2013) attributable to the factoring service business.

4. PROFIT BEFORE TAXATION – CONTINUING OPERATIONS

Profit before taxation from continuing operations has been arrived at after charging (crediting) the following items:

Continuing operations

	1 April 2014 to 30 September 2014	1 April 2013 to 30 September 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Impairment losses on advances provided to customers	1,899	–
Imputed interest on redeemable convertible preference shares	264	230
Interest on bank borrowings repayable within one year	151	–
Depreciation of equipment	608	375
Gain on disposal of equipment	(388)	(254)
Interest income from bank deposits	(7,473)	(7,267)
Operating lease rentals in respect of properties	1,743	1,300
Net exchange loss	–	4,327
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5. TAXATION

Continuing operations

	1 April 2014 to 30 September 2014	1 April 2013 to 30 September 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The charge comprises:		
Current tax		
Enterprise Income Tax in China		
– Provision for the current period	3,136	1,345
Deferred taxation	(474)	–
	—————	—————
	2,662	1,345
	—————	—————

Taxation for subsidiaries in China is calculated at the appropriate current rate of taxation in China.

Deferred taxation has not been recognised in respect of the temporary differences attributable to the accumulated profits of the subsidiaries in China totalling HK\$6,949,000 (31 March 2014: HK\$784,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

6. DISCONTINUED OPERATIONS

On 2 May 2013, Rongzhong Capital Holdings Limited (“Rongzhong Capital”), entered into the subscription agreement with the subscribers, pursuant to which the subscribers conditionally agreed to subscribe for and Rongzhong Capital conditionally agreed to allot and issue the subscription shares, being 4,422 Rongzhong Capital’s new shares, at an aggregate consideration of US\$3.0 million (equivalent to approximately HK\$23.4 million).

Details of the subscription were disclosed in the circular dated 24 May 2013 issued by the Company.

On 21 June 2013, upon completion of the above transaction, the Company’s equity interest in Rongzhong Capital and its subsidiaries (collectively the “Disposal Group”) was reduced to approximately 47.94% and Rongzhong Capital was ceased to be a subsidiary of the Company. The financial results and position of Disposal Group were deconsolidated from, and accounted for as a joint venture using equity method in the condensed consolidated financial statements of the Group thereafter.

The operations regarding financial leasing and financing services carried out by the Disposal Group had been treated as discontinued operations.

Profit for the period from discontinued operations

	1 April 2013 to 21 June 2013
	<u>HK\$’000</u> (Unaudited)
Revenue	51,093
Other income	39
Staff costs	(626)
Other operating expenses	(909)
Finance costs	<u>(24,918)</u>
Profit before taxation	24,679
Taxation	<u>(6,249)</u>
Profit form financial leasing and financing service operations	18,430
Gain on deemed disposal of subsidiaries (<i>Note 7</i>)	<u>28,758</u>
Profit for the period from discontinued operations	<u><u>47,188</u></u>
Profit for the period from discontinued operations attributable to:	
Owners of the Company (<i>Note 9</i>)	37,983
Non-controlling interests	<u>9,205</u>
	<u><u>47,188</u></u>
Profit for the period from discontinued operations included the following:	
Interest on bank borrowings	18,420
Depreciation of equipment	142
Interest income from bank deposits	(39)
Operating lease rentals in respect of properties	155
Net exchange loss	<u>82</u>

Cash flows from discontinued operations

	1 April 2013 to 21 June 2013
	<u>HK\$'000</u> (Unaudited)
Net cash from operating activities	95,568
Net cash used in investing activities	(69)
Net cash used in financing activities	<u>(120,070)</u>
Net cash outflows	<u><u>(24,571)</u></u>

7. DEEMED DISPOSAL OF SUBSIDIARIES

On 21 June 2013, the Group disposed of the Disposal Group which carried out the financial leasing service and financing service businesses.

	21 June 2013
	<u>HK\$'000</u> (Unaudited)
Equipment	618
Loan to a joint venture	177,532
Amount due from a joint venture	709
Finance leases receivable	1,653,485
Prepayments, deposits and other receivables	9,103
Security deposits	2,707
Bank balances and cash	<u>10,164</u>
Assets disposed of	<u>1,854,318</u>
Other payables and accrued charges	7,679
Deposits from finance lease customers	388,331
Deferred income	39,589
Taxation	2,184
Bank borrowings	<u>944,817</u>
Liabilities disposed of	<u>1,382,600</u>
Net assets disposed of	<u><u>471,718</u></u>

Gain on deemed disposal of subsidiaries

	21 June 2013
	<u>HK\$'000</u> (Unaudited)
Interest in a joint venture	264,877
Net assets disposed of	(471,718)
Non-controlling interests	<u>235,599</u>
Gain on deemed disposal (<i>Note 6</i>)	<u><u>28,758</u></u>

The gain on deemed disposal was included in the profit for the period from discontinued operations in the condensed consolidated statement of profit or loss and other comprehensive income (*Note 6*).

8. DIVIDENDS

1 April 2014 to 30 September 2014	1 April 2013 to 30 September 2013
<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)

Dividends recognised as distribution and paid during the period:

Final dividends of HK1.5 cents per share in respect of the year ended
31 March 2014 (2013: In respect of the year ended
31 March 2013 of HK1.5 cents per share)

41,175	41,175
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The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2014 (Nil for the six months ended 30 September 2013).

9. EARNINGS PER SHARE

From continuing and discontinued operations

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

1 April 2014 to 30 September 2014	1 April 2013 to 30 September 2013
<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)

Earnings:

Earnings for the purposes of basic and diluted earnings per share
(profit for the period attributable to owners of the Company)

84,964	108,763
<i>'000</i>	<i>'000</i>

Number of shares:

Weighted average number of ordinary shares for the purpose
of basic earnings per share

2,745,013	2,745,013
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Effect of dilutive potential ordinary shares:

Share options

10,790	1,212
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Weighted average number of ordinary shares for the purpose of
diluted earnings per share

2,755,803	2,746,225
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From continuing operations

The calculation of basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	1 April 2014 to 30 September 2014	1 April 2013 to 30 September 2013
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
Earnings figures are calculated as follows:		
Profit for the period attributable to owners of the Company	84,964	108,763
Less: Profit for the period from discontinued operations attributable to owners of the Company	–	(37,983)
Earnings for the purposes of basic and diluted earnings per share from continuing operations	<u>84,964</u>	<u>70,780</u>

The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

From discontinued operations

For the period ended 30 September 2013, basic and diluted earnings per share for the discontinued operations was HK1.38 cents per share, based on the profit for the period from the discontinued operations attributable to owners of the Company of HK\$37,983,000 and the denominators detailed above for both basic and diluted earnings per share.

10. ADVANCES PROVIDED TO CUSTOMERS

	30 September 2014	31 March 2014
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Advances provided to customers	287,509	129,651
Less: Impairment allowances	(14,746)	(12,847)
	<u>272,763</u>	<u>116,804</u>

As at 30 September 2014, the advances provided to customers, which bore fixed coupon interest at a rate of not more than 16.8% per annum, were repayable according to the loan agreements and factoring facility agreements. The balances were secured by assets such as properties, bank drafts, and equity interests in certain private entities in China where applicable.

The following is an ageing analysis of advances provided to customers determined based on the advance payment date, as at the end of the reporting period:

	30 September 2014	31 March 2014
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Less than one month	154,384	75,809
More than one month but less than three months	74,748	8,620
More than three months but less than six months	3,544	19,084
More than six months	40,087	13,291
	<u>272,763</u>	<u>116,804</u>

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend in respect of the results for the Period (corresponding period in 2013: nil).

FINANCIAL REVIEW

Revenue

The Group generated total revenue for the Period of HK\$35.4 million (corresponding period in 2013: HK\$31.4 million) representing a growth of HK\$4.0 million.

Financing service segment

– Small loan financing

In view of the large demand for financing channel from small-to-medium enterprises (“SMEs”) and as part of the growth strategies, the Group established a small loan lending platform in Yancheng, Jiangsu Province, China. The Group had a competitive advantage in both operational scale and flexibility to cater different financial needs of SMEs, as the approved registered capital of our operating entity, which directly related to the total capital available for granting loans and the maximum size of individual loan, amounted to US\$30 million.

During the Period, the interest income and service fee income from small loan financing increased by 43% to HK\$6.6 million (corresponding period in 2013: HK\$4.6 million). Such increase is contributed by net effect of two factors: the increase in average balance of loan portfolio and the drop in average interest rate. The Group’s balance of loan portfolio for small loan financing rose from HK\$103.3 million as at 30 September 2013 to HK\$133.8 million as at 30 September 2014, representing an increase of 30%. The increase reflects the business expansion of the Group and the Group’s efforts in exploration of customers’ base. The average interest rate recorded a decline, which was contributed by the growth in value of contracts with lower profit but with high quality assets pledged to the Group as security.

– Loan to Rongzhong Group

The interest income generated from the loans provided to Rongzhong Group Limited (“Rongzhong Group”) for the Period was HK\$22.8 million (corresponding period in 2013: HK\$26.8 million). As at 30 September 2014, the loan of HK\$489.4 million (31 March 2014: HK\$466.6 million), bearing a fixed interest rate of 5% per annum, was unsecured and details of the loan were disclosed in our circular dated 23 September 2011.

Factoring service segment

During the Period, we established our factoring headquarters in Nanjing, Jiangsu Province, China with the approval from Ministry of Commerce of China. The operating entity, with registered capital of RMB50 million, is authorised to offer factoring and related advisory services in all parts of China. The business scope expansion enabled us to adhere to the trade financing needs of SMEs. During the Period, the factoring service segment achieved satisfactory growth, recorded total advances provided to customers of HK\$139.0 million as at 30 September 2014 and generated revenue of HK\$6.1 million.

Staff costs and other operating expenses

Staff costs of the Group increased by HK\$2.6 million to HK\$10.6 million, representing an increase of 32% from the corresponding period of last year. The increase is contributed by the increase in the headcount of full-time staff in Nanjing and Yancheng, China.

Other operating expenses decreased by HK\$1.5 million to HK\$7.2 million, representing a decrease of 18% from the corresponding period of last year. The decrease in other operating expenses was mainly due to the net effect of absence of exchange losses arising on translation of non-Renminbi denominated net assets and the increase in office expenses resulting from the business expansion in Nanjing and Yancheng, China.

Direct finance costs

The direct finance costs represented the interest expenses of bank loans raised during the Period. The loan balance as at 30 September 2014 was HK\$72.2 million (31 March 2014: nil).

Share of profit of joint ventures

The share of profit of joint ventures for the Period amounted to HK\$73.8 million (corresponding period in 2013: HK\$57.7 million) which composed of the profit shared by its 47.94% owned joint venture-Rongzhong Capital Holdings Limited (“Rongzhong Capital”) and its 40% owned joint venture-Rongzhong Group.

Rongzhong Capital and its subsidiaries (“Rongzhong Capital Group”) engages in the business of provision of financial leasing services, such as direct leasing, sales and leaseback, leveraged leasing, lease with buy-back undertaking and other related consultancy services to SMEs over various provinces and cities in China. The revenue and profit of Rongzhong Capital for the Period was HK\$109.2 million and HK\$35.2 million, respectively (corresponding period in 2013: HK\$104.7 million and HK\$40.5 million, respectively). The decrease in profit was mainly due to higher level of impairment allowances of HK\$7.2 million (corresponding period in 2013: nil) was experienced. The share of profit of Rongzhong Capital Group for the Period was HK\$16.9 million (corresponding period from the date of Completion (as defined below) to 30 September 2013: HK\$10.6 million).

Rongzhong Group and its subsidiaries (“Rongzhong Group Companies”) engage principally in the business of financing, loan guarantee and financial consulting services. With business operation for more than one decade, Rongzhong Group Companies have developed strong and cohesive business relationship with numerous SMEs and banks in China. The revenue and profit of Rongzhong Group Companies for the Period was HK\$375.2 million and HK\$145.8 million, respectively (corresponding period in 2013: HK\$211.4 million and HK\$125.5 million, respectively). The increase in profit by a smaller extent as compared to revenue was mainly because of the higher finance costs and operating expenses associated with the growth of the financing business and a higher level of impairment allowances of HK\$96.8 million (corresponding period in 2013: HK\$10.7 million). The share of profit of Rongzhong Group for the Period increased by HK\$9.8 million to HK\$56.9 million (corresponding period in 2013: HK\$47.1 million).

Discontinued operations

On 21 June 2013, Rongzhong Capital completed an issuance of new shares to its key management (“Completion”), details of which were set out in the circular of the Company dated 24 May 2013. Upon Completion, the Company’s equity interest in Rongzhong Capital was reduced to approximately 47.94%, and Rongzhong Capital ceased to be a subsidiary of the Company. The condensed consolidated financial results and position of Rongzhong Capital Group were deconsolidated from, and then accounted for as a joint venture using equity method in the condensed consolidated financial statements of the Group thereafter. The share of result of Rongzhong Capital for the Period was disclosed in the sectioned headed “Share of profit of joint ventures”.

As a result of the share issuance, the Group recognised a non-recurring profit from discontinued operations of HK\$47.2 million for the period ended 30 September 2013, which composed of profit from financial leasing and financing operations of Rongzhong Capital Group prior to the date of Completion of HK\$18.4 million and gain on deemed disposal of subsidiaries of HK\$28.8 million.

Profit for the Period

As a result of the foregoing, together with a negative financial impact on the change in fair value of financial liabilities arising from shareholders’ agreements of joint ventures of HK\$11.5 million (corresponding period in 2013: HK\$7.6 million), the Group generated a total profit for the Period attributable to the owners of the Company of HK\$85.0 million (corresponding period in 2013: HK\$108.8 million), representing a decrease of about 22%.

Financial Resources and Capital Structure

The Group always maintains healthy cash position and sufficient capital for business development. As at 30 September 2014, the aggregate sum of cash, bank balances and short term bank deposits amounted to HK\$378.3 million (31 March 2014: HK\$514.9 million). The working capital (current assets less current liabilities) and the total equity of the Group were HK\$740.5 million (31 March 2014: HK\$597.9 million) and HK\$2,296.7 million (31 March 2014: HK\$2,252.3 million) respectively.

As at 30 September 2014, the bank borrowings of HK\$72.2 million were granted by banks in China to an indirect wholly-owned subsidiary to support the provision of the factoring service. As at 31 March 2014, the Group had no bank borrowings. The Group has not entered into any hedging instruments to reduce interest rate risk exposure.

Liquidity and Gearing Ratio

As at 30 September 2014, the current ratio (current assets/current liabilities) of the Group dropped to 2.8 times (31 March 2014: 16.4 times) and the debt-to-equity ratio (total bank borrowings/total equity) of the Group was increased to 3.1% (31 March 2014: nil) with the increase in bank borrowings. The net debt-to-equity ratio remained zero (31 March 2014: zero).

Charges on Group Assets

As at 30 September 2014, there was no charge on the Group’s assets.

Exposure to Fluctuations in Exchange Rates

The Group reports its operating result in Hong Kong dollar but major operations of the Group are carried out in China, transacted and recorded in Renminbi with some monetary assets and liabilities denominated in other foreign currencies. The Group is, thus, exposed to the fluctuation in exchange rates between Renminbi, Hong Kong dollar and other currencies. At present, the Group has not entered into any hedging or other instrument to reduce currency risks. However, 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.

Contingent Liabilities

As at 30 September 2014, the Company had given a guarantee in respect of bank borrowings of RMB65.2 million equivalent to approximately HK\$82.5 million (31 March 2014: RMB82.6 million equivalent to approximately HK\$104.6 million) to a joint venture of the Group. The guarantee provided by the Company was approximately 47.94% of all sums payable by the borrower.

Employees and Remuneration Policy

As at 30 September 2014, the Group had 33 staff located in both Hong Kong and China. 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.

OUTLOOK

The increased SMEs activities and investments in the past decade have benefited the growth of non-bank financial business of the Group. However, during the current period of economic restructuring, SMEs face more pressure as overcapacity, insufficient order demand and high production costs persist. The SMEs financing market becomes less stable with a higher default rate. To cope with the challenging environment, the Group will continue to serve as an integrated services provider in order to facilitate healthy development of the Group. The Group will identify and develop new products to satisfy customers' diverse needs on one hand, and continue to maintain a sound and prudent risk control policy through effectively management of the default risk on the other hand.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company complied with the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the Period, except for the following deviation:

Pursuant to Code E.1.2 of the CG Code, the chairman should attend the annual general meeting of the Company ("AGM"). Mr. Wang Jun, the Company's Chairman, was unable to attend the AGM held on 26 August 2014 due to other prior business engagement.

AUDIT COMMITTEE

The Company established its audit committee (the “Audit Committee”) in June 2003 and has formulated its 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 of the Audit Committee), Mr. Ma Ho Fai SBS JP and Mr. Ng Chi Keung MH. The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting system and internal control procedures, review of the Group’s financial information, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board.

CODE FOR SECURITIES TRANSACTIONS

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 transaction by the Directors. Having made specific enquiry, all Directors confirmed that they fully complied with the Model Code throughout the Period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s shares.

PUBLICATION OF FURTHER INFORMATION

The 2014/15 Interim Report of the Company containing all information required by the Listing Rules will be published on the respective websites of the Company and the Stock Exchange in due course.

DIRECTORS

As at the date of this announcement, the Board comprises Mr. Wang Jun, Mr. Wong Yu Lung, Charles, Mr. Ding Chung Keung, Ms. Wong, Michelle Yatyee and Mr. Melvin Jitsumi Shiraki (all being executive directors of the Company), Mr. Ma Ho Fai SBS JP, Mr. Cheng Yuk Wo and Mr. Ng Chi Keung MH (all being independent non-executive directors of the Company).

By Order of the Board
Goldbond Group Holdings Limited
Mr. Ding Chung Keung
Chief Executive Officer

Hong Kong, 27 November 2014