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 2016

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 2016 (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 2016 to 30 September 2016	1 April 2015 to 30 September 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
OPERATING RESULTS		
Revenue	**13,998**	30,327
(Loss) profit for the period	**(786,027)**	64,462
(Loss) profit for the period attributable to owners of the Company	**(786,027)**	64,462
Total comprehensive (expense) income for the period attributable to owners of the Company	**(852,558)**	2,109
Basic (loss) earnings per share	**HK(28.46) cents**	HK2.34 cents

FINANCIAL POSITION

	30 September 2016	31 March 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Equity attributable to owners of the Company	**1,433,576**	2,324,588

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2016

	Notes	**1 April 2016 to 30 September 2016**	1 April 2015 to 30 September 2015
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**13,998**	30,327
Other income		**7,442**	6,473
Staff costs		**(9,662)**	(9,863)
Other operating expenses		**(6,162)**	(5,774)
Impairment, net of other gain, on interest in a joint venture		**(57,243)**	–
Impairment loss on interest in an associate		**(21,496)**	–
Change in fair values of financial liabilities		**–**	(22,107)
Direct finance costs		**–**	(1,136)
Other finance costs		**(349)**	(303)
Share of (loss) profit of joint ventures		**(723,852)**	69,488
Share of profit (loss) of associates		**13,302**	(260)
(Loss) profit before taxation	*4*	**(784,022)**	66,845
Taxation	*5*	**(2,005)**	(2,383)
(Loss) profit for the period		**(786,027)**	64,462
Other comprehensive expenses:			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency attributable to:			
The Group		**(13,111)**	(22,040)
Joint ventures		**(43,967)**	(40,313)
An associate		**(9,453)**	–
Other comprehensive expenses for the period		**(66,531)**	(62,353)
Total comprehensive (expense) income for the period		**(852,558)**	2,109
(Loss) profit for the period attributable to:			
Owners of the Company		**(786,027)**	64,462
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(852,558)**	2,109
(Loss) earnings per share	*7*		
– Basic		**HK(28.46) cents**	HK2.34 cents
– Diluted		**HK(28.46) cents**	HK2.31 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2016

	Note	30 September 2016	31 March 2016
		HK$'000 (Unaudited)	*HK$'000* (Audited)
Non-current assets			
Equipment		**3,047**	3,669
Interest in a joint venture		**488,371**	1,313,433
Interests in associates		**305,811**	323,458
Loan to a joint venture		**32,587**	34,424
Advances provided to customers	8	**130,396**	–
Club debentures		**17,122**	17,529
Deferred tax asset		**10,598**	10,851
		987,932	1,703,364
Current assets			
Loan to a joint venture		**10,000**	448,785
Advances provided to customers	8	**162,659**	189,880
Prepayments, deposits and other receivables		**4,518**	3,285
Short term bank deposits			
– with original maturity within three months		**123,910**	276,706
– with original maturity more than three months		**161,186**	36,906
Bank balances and cash		**14,467**	9,984
		476,740	965,546
Current liabilities			
Other payables and accrued charges		**22,243**	21,269
Taxation		**3,678**	2,987
Liabilities under shareholders' agreements		**–**	315,240
		25,921	339,496
Net current assets		**450,819**	626,050
Total assets less current liabilities		**1,438,751**	2,329,414

	30 September 2016	31 March 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Capital and reserves		
Share capital	**829,209**	829,209
Reserves	**604,367**	1,495,379
Total equity	**1,433,576**	2,324,588
Non-current liability		
Redeemable convertible preference shares	**5,175**	4,826
	1,438,751	2,329,414

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 financial information relating to the year ended 31 March 2016 that is included in the condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

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 2016 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2016.

In the current interim period, the Group has applied, for the first time, the following 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 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 to 2014 cycle

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

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) financing service segment: provision of financing services through subsidiaries and provision of financing services and loan guarantee services through a joint venture;

(b) factoring service segment: provision of factoring services; and

(c) financial leasing service segment: provision of financial leasing services through an associate (30 September 2015: a joint venture).

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 2016

	Financing service *HK$'000*	**Factoring service** *HK$'000*	**Financial leasing service** *HK$'000*	**Total** *HK$'000*
Revenue from customers	**5,473**	**8,525**	**–**	**13,998**
Share of loss of a joint venture	**(723,852)**	**–**	**–**	**(723,852)**
Share of profit of an associate	**–**	**–**	**13,621**	**13,621**
Impairment, net of other gain, on interest in a joint venture	**(57,243)**	**–**	**–**	**(57,243)**
Impairment loss on interest in an associate	**–**	**–**	**(21,496)**	**(21,496)**
	(775,622)	**8,525**	**(7,875)**	**(774,972)**
Segment results	**(776,017)**	**7,169**	**(7,875)**	**(776,723)**
Unallocated other income				**5,004**
Central administration costs				**(13,589)**
Net exchange gain				**1,954**
Other finance costs				**(349)**
Share of loss of associates				**(319)**
Loss before taxation				**(784,022)**

For the six months ended 30 September 2015

	Financing service *HK$'000*	Factoring service *HK$'000* *(Note)*	Financial leasing service *HK$'000*	Total *HK$'000*
Revenue from customers	19,236	11,091	–	30,327
Share of profit of joint ventures	54,433	–	15,055	69,488
	73,669	11,091	15,055	99,815
Segment results	72,023	8,482	15,055	95,560
Unallocated other income				5,315
Change in fair values of financial liabilities				(22,107)
Central administration costs				(12,387)
Net exchange gain				1,027
Other finance costs				(303)
Share of loss of associates				(260)
Profit before taxation				66,845

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

Note: Included in segment results were direct finance costs of HK$1,136,000 for the six months ended 30 September 2015 attributable to the factoring service business.

Segment assets and liabilities

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

As at 30 September 2016

	Financing service *HK$'000*	**Factoring service** *HK$'000*	**Financial leasing service** *HK$'000*	**Total** *HK$'000*
Assets				
Segment assets	**676,500**	**148,843**	**305,435**	**1,130,778**
Interests in associates				**376**
Unallocated assets				**333,518**
Total assets				**1,464,672**
Liabilities				
Segment liabilities	**214**	**1,336**	**–**	**1,550**
Unallocated liabilities				**29,546**
Total liabilities				**31,096**

As at 31 March 2016

	Financing service *HK$'000*	Factoring service *HK$'000*	Financial leasing service *HK$'000*	Total *HK$'000*
Assets				
Segment assets	1,844,647	143,400	322,763	2,310,810
Interest in associates				695
Unallocated assets				357,405
Total assets				2,668,910
Liabilities				
Segment liabilities	227	190	–	417
Unallocated liabilities				343,905
Total liabilities				344,322

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 part of interests in associates, club debentures, deferred tax asset, 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.

Geographical information

Revenue reported above represents income generated from external customers in the People's Republic of China ("China") of HK$8,984,000 (HK$12,648,000 for the six months ended 30 September 2015), income generated from external customers outside China of HK1,636,000 (nil for the six months ended 30 September 2015) and loan interest income generated from a joint venture in China of HK$3,378,000 (HK$17,679,000 for the six months ended 30 September 2015).

4. (LOSS) PROFIT BEFORE TAXATION

(Loss) profit before taxation has been arrived at after charging (crediting) the following items:

	1 April 2016 to 30 September 2016	1 April 2015 to 30 September 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Reversal of) impairment losses on advances provided to customers	**(2)**	516
Imputed interest on redeemable convertible preference shares	**349**	303
Interest on bank borrowings	**–**	1,136
Depreciation of equipment	**925**	911
Operating lease rentals in respect of properties	**2,636**	1,818
Loss on disposal of equipment	**1**	–
Interest income from bank deposits	**(5,004)**	(5,315)
Net exchange gain	**(1,954)**	(1,027)

5. TAXATION

	1 April 2016 to 30 September 2016	1 April 2015 to 30 September 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The charge comprises:		
Current tax		
Enterprise Income Tax in China		
– Provision for the current period	**2,004**	2,506
– Underprovision in prior year	**–**	6
	2,004	2,512
Deferred taxation	**1**	(129)
	2,005	2,383

Under the Enterprise Income Tax Law of China (the "EIT Law") and the Implementation Regulation of the EIT Law, all subsidiaries in China are subject to the rate of 25% during both periods.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the subsidiaries in China from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of the temporary differences attributable to the accumulated profits of the subsidiaries in China amounting to HK$17,507,000 (31 March 2016: HK$13,039,000) 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. DIVIDENDS

	1 April 2016 to 30 September 2016	1 April 2015 to 30 September 2015
	HK$'000	*HK$'000*
	(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 2016 (2015: In respect of the year ended 31 March 2015 of HK1.5 cents per share)	**41,429**	41,429

The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2016 (nil for the six months ended 30 September 2015).

7. (LOSS) EARNINGS PER SHARE

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

	1 April 2016 to 30 September 2016	1 April 2015 to 30 September 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss) earnings:		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share ((loss) profit for the period attributable to owners of the Company)	**(786,027)**	64,462
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**2,761,913**	2,754,045
Effect of dilutive potential ordinary shares:		
Share options *(Note)*	**–**	33,815
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**2,761,913**	2,787,860

Note: The computation of diluted loss per share for the six months ended 30 September 2016 does not assume the exercise of the Company's outstanding share options since their assumed exercise would result in decrease in loss per share for the period.

8. ADVANCES PROVIDED TO CUSTOMERS

	30 September 2016	31 March 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Advances provided to customers	**335,448**	233,285
Less: Impairment allowances	**(42,393)**	(43,405)
	293,055	189,880
Less: Amounts shown under current assets	**(162,659)**	(189,880)
Amount due after one year	**130,396**	–

As at 30 September 2016, the advances provided to customers, which bore fixed interest at a rate of not more than 18% (31 March 2016: 18%) per annum, were repayable according to the loan agreements and factoring facility agreements. Included in the balances, an aggregate amount of HK$293,050,000 was secured by assets such as properties, equity interests in certain private entities in China and a fixed and floating charge executed by a private entity in the British Virgin Islands where applicable (31 March 2016: HK$157,662,000 was secured by assets such as properties, bank's acceptance bills and equity interests in certain private entities in China).

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend in respect of the results for the Period (corresponding period in 2015: nil).

BUSINESS REVIEW

The Group principally engages in the provision of non-bank financial services to small and medium-sized enterprises ("SMEs") in China. The Group together with its joint venture and associate offer wide spectrum of services including financing, financial leasing and factoring services.

Financing

– ***Small loan financing***

The Group engages in small loan financing business through Yancheng Goldbond Technology Small Loan Company Limited ("Yancheng Goldbond"). Yancheng Goldbond was the first wholly foreign owned small loan company founded in Yancheng, Jiangsu Province. Yancheng Goldbond is able to offer short-term loan financing services, loan guarantee services, direct investment and other services approved by the provincial government, to SMEs and individuals in Yancheng.

In view of slow-down of the economy in third-tier cities, like Yancheng, the Group timely adjusted its operating strategy. Over the past two years, the Group prudently promoted the small loan financing business among high quality customers to maintain stable return and ensure that the newly released loans were effectively safeguarded. As a result, the average interest rate of our loan portfolio and the revenue from the small loan financing business dropped. The income from small loan financing for the Period was HK$0.5 million, representing a decrease of 71% from previous period. Yancheng Goldbond has obtained the approval for capital reduction of US$14.7 million as the Group determined to reduce the investment in this segment and diverted financial resources to other business with growth potential, such as factoring.

– ***Loans to Rongzhong Group Limited ("Rongzhong Group")***

The Group granted a revolving loan facility to Rongzhong Group for the development of its financing service business in China and details of the loan were disclosed in the circular of the Company dated 23 September 2011. According to and subject to the terms of the shareholders' agreement of Rongzhong Group dated 26 October 2011 and the respective shareholders' resolutions in relation to the arrangement of subscription of additional shares in Rongzhong Group at subscription price of HK$315.2 million and HK$128.8 million, respectively by Perfect Honour Limited ("Perfect Honour", a wholly-owned subsidiary of the Company) and Yong Hua International Ltd. ("Yong Hua") ("Subscriptions"), part of the loan to Rongzhong Group ("RZG Loan") in the total sum of HK$444 million was assigned to Perfect Honour and Yong Hua to make up the Subscriptions. At the request of Yong Hua, the Group agreed to provide a loan facility ("Loan Facility") in the sum of HK$128.8 million to Yong Hua ("YH Loan") for the settlement of amount payable under the above-mentioned assignment of the RZG Loan to Yong Hua. Details of the Loan Facility were disclosed in the announcement of the Company dated 18 April 2016. The Loan Facility was drawn down by Yong Hua in April 2016, and the loan assignments and the Subscriptions were completed.

As at 30 September 2016, the carrying value of RZG Loan was HK$42.6 million (31 March 2016: HK$483.2 million). The interest income realised from the RZG Loan was HK$3.4 million (corresponding period in 2015: HK$17.7 million).

– ***Interest in a joint venture: Rongzhong Group***

Rongzhong Group and its subsidiaries ("Rongzhong Group Companies") principally engaged in provision of non-bank financial services, comprising small loan financing, loan guarantee, bill financing and financial consulting services to SMEs and individuals in various cities in China. With business operation for more than one decade, Rongzhong Group Companies have developed business relationship with numerous SMEs and banks in China. By leveraging the established industry and management expertise, Rongzhong Group Companies is able to provide a customised and integrated range of financing solutions to its customers.

The revenue of Rongzhong Group Companies for the Period was HK$319.2 million which decreased by HK$89.0 million or 22% compared to previous period. This was mainly because of decrease in interest-earning loan portfolio and the lower average interest rate for the new loans granted.

The impairment loss on accounts receivable and advances provided to customers of Rongzhong Group Companies amounted to HK$2,447.9 million which increased by HK$2,379.5 million compared to previous period. With slowdown of economic growth, the SMEs financing market has been entering a period of higher default risk. The situation persisted and aggravated in 2016 as certain of Rongzhong Group's selected customers ("Selected Customers", with loans of carrying amount of HK$3,390.3 million before impairment loss as at 30 September 2016), which had been an important growth driver of Rongzhong Group's financing business over the years, extended their repayment plan. Although the Selected Customers are still under normal business operation, impairment reviews still had to be carried out by Rongzhong Group as required by Hong Kong Accounting Standard 36 ("HKAS 36"). In accordance with HKAS 36, the amount of the impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of the loan which is more than 35% per annum for the loans to Selected Customers). In estimating the future cash flows for the loans to Selected Customers, the management of Rongzhong Group took into account, among others, the estimated market value of real estate assets held by the Selected Customers as valued by professional valuer as at 30 September 2016 of HK$3,931.3 million. Significant lending to Selected Customers, coupled with expected delay in repayment and more importantly, high effective interest rate used in discounting estimated future cash flows resulted in the substantial impairment loss of HK$2,395.7 million recorded for the loans to Selected Customers during the Period.

As a result of the above, Rongzhong Group suffered loss of HK$1,806.2 million for the Period (corresponding period in 2015: profit of HK$139.5 million) and the Group shared HK$723.9 million of such loss for the Period (corresponding period in 2015: share of profit of HK$54.4 million).

Financial leasing

– ***Interest in an associate: China Rongzhong Financial Holdings Company Limited ("China Rongzhong")***

China Rongzhong and its subsidiaries ("China Rongzhong Group"), primarily engages in finance leasing business through Rongzhong International Financial Leasing Co., Ltd. ("Rongzhong Finance Lease"). Rongzhong Finance Lease is a leading finance leasing company in Hubei Province, providing finance lease services to key industries in Hubei Province, including laser processing, plastics, industrial processing, textile and garments and hotel and leisure. On 28 January 2016, the shares of China Rongzhong were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Listing"). Upon Listing, the Group's interest in China Rongzhong has been diluted from 47.94% to 34.86% and China Rongzhong became an associate (previously a joint venture) of the Group.

The revenue and profit of China Rongzhong Group for the Period was HK$103.4 million and HK$39.1 million, respectively (corresponding period in 2015: HK$114.0 million and HK$31.4 million, respectively). Profit slightly increased due to the decrease in non-recurring expenses in connection with the initial public offering of China Rongzhong. The share of profit of China Rongzhong Group by the Group for the Period was HK$13.6 million (corresponding period in 2015: HK$15.1 million, such amount was included in share of profit of joint ventures).

Factoring

We established our factoring headquarters in Nanjing, Jiangsu Province in late 2014 with the approval from Ministry of Commerce of China. The operating vehicle, Jiangsu Goldbond Factoring Co., Ltd., with registered capital of RMB50 million, is authorised to offer factoring services including collection and management of account receivables and other related advisory services. The factoring business has achieved satisfactory growth and acquired account receivables of over RMB500 million since its commencement of business, with focus on account receivables due by large state-owned enterprises or listed companies with better financial position. The success of this strategy has been demonstrated by the our ability to maintain healthy and strong asset quality with no record of overdue of more than 30 days or non-performing assets as at 30 September 2016.

During the Period, the factoring service segment realised revenue of HK$8.5 million (corresponding period in 2015: HK$11.1 million), accounting for 61% (corresponding period in 2015: 37%) of the total revenue. The revenue source of the Group now became more diversified and the Group has stronger capability to resist fluctuation in single product market. After almost two years of pilot run, the Board determined to put more resources to this segment in the coming years.

OUTLOOK

Looking forward, China's economy is facing challenges with opportunities ahead. We will adhere to our strategy of prudent management of credit risk and facilitate financial service capability upgrade. Given our solid financial position and diversified investment and loan portfolios, we are confident that we will be able to navigate through the near term uncertainties and grasp business development opportunities.

It has been the strategy of the Group from time to time to review the existing business portfolio and explores new potential projects in order to provide new and sustainable drivers for the Group's overall performance. The Group intends to commence new business activity involving trading of goods (the "Trading Business") in the next few months through the establishment of a wholly-owned subsidiary in Shanghai in the People's Republic of China with initial registered capital of RMB10 million. Also, as disclosed in the circular of the Company dated 23 June 2015, the Group is building new growth driver by participating in a real estate fund and holding a significant interest in the manager of such fund so as to capture and benefit from the opportunities in the real estate markets in the developed countries. The manager of the real estate fund is currently exploring real estate projects in the North America with good investment value.

FINANCIAL REVIEW

Revenue

The Group realised revenue for the Period of HK$14.0 million, representing a decrease of 54% from HK$30.3 million as recorded in the previous period. The income from the financing segment was HK$5.5 million, representing a decrease of 72% from previous period. This was mainly due to (i) the Group prudently promoting lower margin loans among high quality customers for stable return and better safeguard of asset as the China economy slows down and; (ii) the decrease in loans to Rongzhong Group from HK$483.2 million to HK$42.6 million. During the Period, the Group realised revenue of HK$8.5 million from factoring business for the Period, representing a decrease of 23% from previous period.

Staff costs

Staff costs of the Group amounted to HK$9.7 million, which decreased by HK$0.2 million or 2% compared to previous period. Such decrease is mainly attributable to the decrease in the share option expenses.

Other operating expenses

Other operating expenses were HK$6.2 million, which increased by HK$0.4 million or 7% compared to previous period. The increase in other operating expenses was mainly due to the increase in office rental expenses of HK$0.8 million, partially offset by the decrease in provision for bad debts of HK$0.5 million.

Impairment, net of other gain, on interest in a joint venture

At 30 September 2016, the management of the Group carried out an impairment review on the carrying amount of its interest in the joint venture by comparing the recoverable amount estimated using value in use with the carrying amount of the investment in Rongzhong Group. In determining the value in use of the investment, the Group estimated the present value of the estimated future cash flows expected to be generated by the joint venture, including cash flows from the operations of the joint venture and proceeds on the ultimate disposal of the investment, calculated at a discount rate of 19.4% (31 March 2016: 18.6%). Based on the assessment, the recoverable amount of the interest in the joint venture is lower than its carrying amount. Hence, an impairment, net of other gain, of HK$57.2 million, which represented the impairment loss of HK234.8 million and gain arising from share subscription of HK$177.6 million, on the interest in the joint venture was recognised in profit or loss in the condensed consolidated statement of profit or loss and other comprehensive income for the current interim period.

Impairment loss on interest in an associate

At 30 September 2016, the management of the Group also carried out an impairment review on the carrying amount of China Rongzhong by comparing the recoverable amount estimated using value in use with the carrying amount of the investment in China Rongzhong. In determining the value in use of the investment, the Group estimated the present value of the estimated future cash flows expected to be generated by the associate, including cash flows from the operations of the associate and proceeds on the ultimate disposal of the investment, calculated at a discount rate of 18.8% (31 March 2016: 18.5%). Based on the assessment, the recoverable amount of China Rongzhong is lower than its carrying amount. Hence, an impairment loss of HK$21.5 million on the interest in China Rongzhong was recognised in profit or loss in the condensed consolidated statement of profit or loss and other comprehensive income for the current interim period.

Change in fair values of financial liabilities

The change in fair values of financial liabilities under the respective shareholders' agreements of Rongzhong Group and Rongzhong Capital Holdings Limited dated 26 October 2011 for the previous period brought negative financial impact of HK$22.1 million to the Group's financial performance. Such financial liabilities were settled with the lapse of options and fulfillment of undertakings under the shareholders' agreements.

Direct finance costs

No direct finance cost was incurred during the Period (corresponding period in 2015: HK$1.1 million) after the repayment of all bank loans.

Share of loss of a joint venture

Share of loss of a joint venture – Rongzhong Group for the Period amounted to HK$723.9 million (corresponding period in 2015: share of profit HK$54.4 million). Significant loss of Rongzhong Group was mainly attributed to the impairment allowances on accounts receivable and advances provided to customers of HK$2,447.9 million for the Period.

In the previous period, share of profit of joint ventures composed of share of profit of Rongzhong Group and share of profit of China Rongzhong Group prior to the Listing.

Share of profit of associates

Share of profit of associates mainly composed of share of profit of China Rongzhong Group for the Period. Share of loss of associates for the previous period represented share of the expenses of a manager of real estate fund.

Loss for the Period attributable to the owners of the Company

Based on the above discussion and analysis, loss for the Period attributable to the owners of the Company was HK$786.0 million (corresponding period in 2015: profit of HK$64.5 million).

Other comprehensive expenses for the Period

Other comprehensive expenses for the Period were HK$66.5 million (corresponding period in 2015: HK$62.4 million). The condensed consolidated financial statements of the Group, its joint venture and associate are presented in Hong Kong dollar while the functional currency is RMB. With unfavorable movement in the exchange rate of the RMB against the Hong Kong dollar during the Period, the Group, the joint venture and the associate recognised an exchange loss arising on translation to presentation currency of HK$13.1 million, HK$44.0 million and HK$9.4 million, respectively.

Liquidity, financial resources and capital structure

The Group always maintains healthy liquid position and sufficient capital for business development. The Group generally finances its operations through its internal resources. As at 30 September 2016, the aggregate sum of cash, bank balances and short term bank deposits amounted to HK$299.6 million (31 March 2016: HK$323.6 million). The working capital (current assets less current liabilities) and the total equity of the Group were HK$450.8 million (31 March 2016: HK$626.1 million) and HK$1,433.6 million (31 March 2016: HK$2,324.6 million) respectively.

As at 30 September 2016, there was no bank borrowing.

KEY FINANCIAL RATIO

Net asset value per share

	30 September 2016	31 March 2016
Net asset value per share *(HK cents)*	**51.9**	84.2

The condensed consolidated financial statements of the Group and its joint venture and associate are presented in Hong Kong dollar while the functional currency is RMB. Our net asset value per share decreased from 31 March 2016 to 30 September 2016 was mainly contributed by share of loss of Rongzhong Group, impairment, net of other gain, on interest in Rongzhong Group, impairment loss on interest in China Rongzhong and unfavorable movement in the exchange rate of the RMB against the Hong Kong dollar which resulted in exchange loss arising on translation recognised by the Group, its joint venture and associate.

Charges on group assets

As at 30 September 2016, there was no charge on the Group's assets.

Contingent liabilities

As at 30 September 2016, there was no contingent liability.

Employees and remuneration policy

As at 30 September 2016, the Group had 35 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.

CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company complied with the Corporate Governance Code (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"). The Company's Chairman was absent from the AGM held on 22 August 2016 due to health reason.

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 to all Directors (other than the Chairman who is ill), they confirmed that they had 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 2016/17 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 and Ms. Wong, Michelle Yatyee (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
Wong Yu Lung, Charles
Deputy Chairman

Hong Kong, 25 November 2016