



# 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  
2020/21



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## 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

## COMPANY SECRETARY

Ms. Li Fung Shan

## AUDITOR

ZHONGHUI ANDA CPA Limited

## 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

## WEBSITE

<http://www.goldbondgroup.com>

## BUSINESS REVIEW

For the six months ended 30 September 2020 (the “Period”), Goldbond Group Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) is principally engaged in the business of (i) provision of financial services covering finance lease, factoring and small loan financing; (ii) provision of operating lease services; and (iii) provision of property technology services.

On 25 June 2019, Deloitte Touche Tohmatsu (the “Former Auditor”) issued a letter to the audit committee of the Company (the “Audit Committee”), in which the Former Auditor requested the Audit Committee to undertake a forensic investigation (the “Investigation”) in respect of the trading transactions in chemical products by Shanghai Goldbond Trading Company Limited (“Shanghai Goldbond”), a wholly owned subsidiary of the Company, involving an aggregate overdue account receivables for the Group in the amount of approximately RMB57,000,000 (equivalent to approximately HK\$65,000,000).

On 18 July 2019, an independent firm (the “Independent Firm”) was engaged to conduct the Investigation. The Independent Firm issued a first report on the Investigation (the “Investigation Report”) to the Audit Committee on 31 January 2020. The Audit Committee engaged the Independent Firm to conduct certain extended procedures relevant to the Investigation on 19 March 2020 (the “Supplemental Investigation”) and the Independent Firm issued a final report on the Supplemental Investigation (the “Supplemental Investigation Report”) on 4 September 2020 to the Audit Committee. Details of the key findings of the Investigation Report and Supplemental Investigation Report are set out in the announcements of the Company dated 31 January 2020 and 4 September 2020, respectively.

During the first quarter of 2020, novel coronavirus pandemic (the “COVID-19”) broke out in the People’s Republic of China (the “PRC”) and around the world. In response to the COVID-19 pandemic, the government of the PRC has implemented a series of measures such as travel restrictions, community quarantine and lockdowns in provinces and cities across the country. Such measures created disruption of the workforce, suppliers and customers and the normal business operation of the Group during the Period.

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

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

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



## Core business

### *Property technology services*

As disclosed in the announcement of the Company dated 26 June 2020, in April 2020, the Group has formed a subsidiary in Shenzhen, the PRC (the “SZ Subsidiary”) with a local non-controlling shareholder (the “Local Partner”), which is an independent third party to the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The SZ Subsidiary is engaged in the provision of property technology services, which uses and integrates software (e.g. programs and algorithms), hardware (e.g. internet-connected sensors and devices) and data to help individuals, landlords and property managers better manage and optimise the usage of their real estate, which is expected to capture the growing demand for property technology services in the PRC. The SZ Subsidiary shall be operated by the Group and the Local Partner where the Group shall contribute its development resources and business network while the Local Partner shall contribute its technology and brand resources, respectively.

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

### *Finance lease*

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

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

### *Operating lease*

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

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

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

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

## ***Financial services business – Factoring***

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

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

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

During the six months ended 30 September 2020, there was no revenue generated from the factoring service segment (corresponding period in 2019: approximately HK\$5,000). The segment result before impairment loss decreased by approximately HK\$0.1 million or 7.6% to loss of approximately HK\$1.2 million (2019: loss of approximately HK\$1.3 million) for the Period.

## ***Financial services business – Financing***

During the six months ended 30 September 2020, the financing services segment realised a revenue of approximately HK\$0.2 million (corresponding period in 2019: approximately HK\$57,000). The segment loss before impairment loss decreased by approximately HK\$0.5 million or 56.6% to approximately HK\$0.3 million (corresponding period in 2019: approximately HK\$0.8 million) during the Period. The decrease in revenue was mainly attributable to the fact that the Group has changed its operation strategy and reduced the scale of the business in the small loan financing. For the six months ended 30 September 2020, a reversal of impairment loss on advances provided to customers of approximately HK\$1.3 million was recognised (corresponding period in 2019: impairment loss of approximately HK\$1.5 million), details of which are set out below. As a result, the segment recorded a gain of approximately HK\$1.0 million (corresponding period in 2019: a loss of approximately HK\$2.3 million) for the Period.

### ***– Loan to Yong Hua International Ltd.***

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

The Board, after taking into account that the share value of China Rongzhong was increased, a reversal of impairment loss on advances provided to customers amounting to approximately HK\$1.3 million was recognised for the six months ended 30 September 2020.

## Investments

### ***Interest in an associate: 34.86% of China Rongzhong***

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

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

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

Also, the Board considered that the operating environment for China Rongzhong Group is expected to remain challenging. The Board carried out impairment reviews on the carrying amount of China Rongzhong as 30 September 2020 by comparing the recoverable amount with the carrying amount of the investment in China Rongzhong. Fair value less costs of disposal, measured using the quoted price for China Rongzhong listed shares on the Stock Exchange as at 30 September 2020 was approximately HK\$43.9 million (31 March 2020: approximately HK\$38.8 million). As at 30 September 2020, the recoverable amount of China Rongzhong is higher than its carrying amount. No impairment had been recognised.

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

The Fund sold its first piece of real estate investment in Los Angeles in the United States of America with a successful closing during the year ended 31 March 2019. An investment in real estates of US\$10.5 million was made in November 2018. The Fund is managed by the Fund Manager. The Fund Manager will continue to look for opportunistic investments for the Fund in the United States of America, United Kingdom and Hong Kong. The Group’s share of loss of the Fund for the Period was approximately HK\$0.3 million while its share of profit of the Fund Manager was approximately HK\$0.6 million.

## OUTLOOK

Despite the short-term economic downturn resulting from, inter alia, the Sino-US trade dispute and the COVID-19 pandemic, the Directors are optimistic about the economic development of the PRC in the long run and consider that the demands for property technology services, finance lease and operating lease in the PRC will remain strong and sustainable. During the Period, the Group has expanded its business through a series of initiatives as mentioned above, which are expected to bring significant contribution to the Group in a long run. The Group will continue to strengthen its competitive strengths in its core businesses, i.e. property technology services, finance lease and operating lease, and continue its business strategy of building an asset portfolio with a good balance of recurring income streams and growth opportunities.

## FINANCIAL REVIEW

### Revenue

The Group realised revenue for the Period of approximately HK\$2.3 million, representing an increase of approximately HK\$2.2 million as compared to the previous period. The increase was due to the change in operation strategy and provision of operating lease services and property technology services which contributed to the Group a new source of income during the Period.

### Interest revenue – finance lease

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

### Interest revenue – financing and factoring services

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

### Staff costs

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

### Other operating expenses

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

### Share of profit of associates

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

### Loss for the Period attributable to the owners of the Company

As a result of the foregoing, loss for the Period attributable to the owners of the Company was approximately HK\$11.5 million (corresponding period in 2019: approximately HK\$10.3 million).

### Other comprehensive income/(expense) for the Period

Other comprehensive income for the Period represented exchange differences arising on translation to presentation currency of approximately HK\$6.4 million (corresponding period in 2019: expense of approximately HK\$11.1 million).



## ***Liquidity, financial resources and capital structure***

The Group always seeks to maintain a healthy liquid position and retain sufficient capital for business development. The Group generally finances its operations through its internal resources. As at 30 September 2020, the aggregate sum of cash, bank balances and short term bank deposits amounted to approximately HK\$151.9 million (31 March 2020: approximately HK\$163.2 million) and there was no bank borrowing. The working capital (current assets less current liabilities) and the total equity attributable to owners of the Group were approximately HK\$148.4 million (31 March 2020: approximately HK\$147.6 million) and approximately HK\$227.4 million (31 March 2020: approximately HK\$233.7 million) respectively. No gearing ratio was calculated as the Group had no debt as at 30 September 2020.

## **KEY FINANCIAL RATIO**

### **Net asset value per share**

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

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

### **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 2020, there was no charge in the Group's asset.

### **Contingent liabilities**

As at 30 September 2020, there was no contingent liability.

### **Future plans for material investments**

Save as disclosed in this interim report, there was no other specific plan for material investments or capital assets as at 30 September 2020.

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

### ***Acquisition of Optimus Financial Group Limited***

On 26 June 2020, Goldbond Investment Group Limited (“Goldbond Investment”), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with the Quan Tai Limited (the “Vendor”), pursuant to which Goldbond Investment conditionally agreed to purchase, and the Vendor 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 the business of finance lease and operating lease in the PRC. The completion of the Acquisition took place on 30 June 2020. Upon completion of the Acquisition, the Target Company and its subsidiaries have become non wholly-owned subsidiaries of the Company. The Acquisition constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Further details of the Acquisition are set out in the announcement of the Company dated 26 June 2020.

### ***Formation of a subsidiary***

As disclosed in the announcement of the Company dated 26 June 2020, in April 2020, the Group has formed the SZ Subsidiary with the Local Partner. The SZ Subsidiary is engaged in the provision of property technology services, which uses and integrates software (e.g. programs and algorithms), hardware (e.g. internet-connected sensors and devices) and data to help individuals, landlords and property managers better manage and optimise the usage of their real estate, which is expected to capture the growing demand for property technology services in the PRC. The SZ Subsidiary shall be operated by the Group and the Local Partner where the Group shall contribute its development resources and business network while the Local Partner shall contribute its technology and brand resources, respectively.

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

## **Subsequent events**

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

## **Employees and remuneration policy**

As at 30 September 2020, the Group had 118 staff located in both Hong Kong and the PRC. The Group remunerates these employees based on their performance, experience and prevailing industry practices. Other benefits offered to these employees include medical insurance, retirement scheme and training subsidies. In addition, the Group has set up a share option scheme for the purpose of providing incentives to the eligible employees.

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

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

## **CORPORATE GOVERNANCE**

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

No changes in the composition of the Board subsequent to publication of the annual report of the Company for the year ended 31 March 2020.

## **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.

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.

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

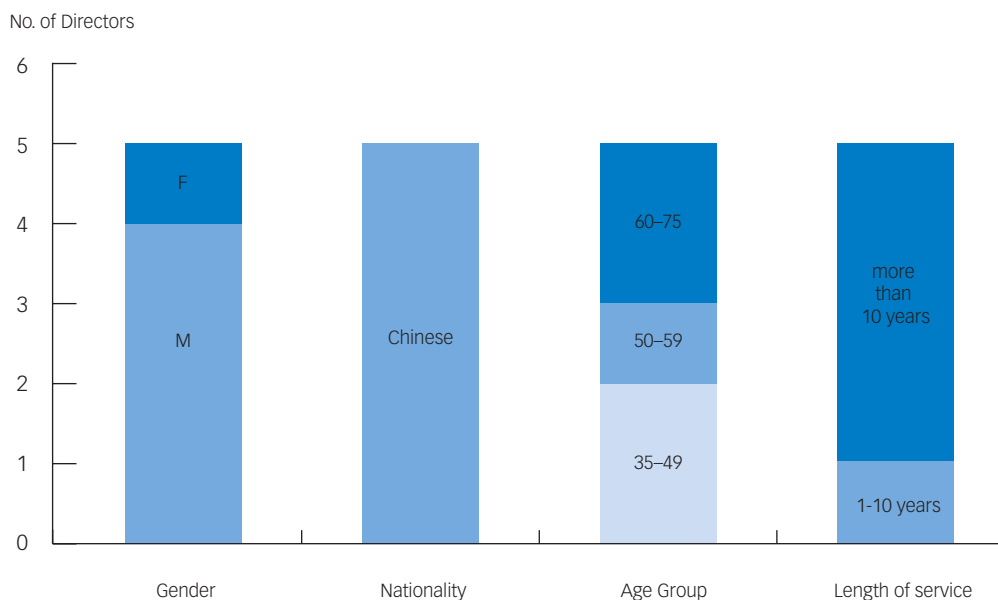
In compliance with the CG Code, the Company established its nomination committee (the “Nomination Committee”) in March 2012 with a majority of the members thereof being Independent Non-executive Directors. The Nomination Committee comprises a executive Director, namely, Mr. Wong Yu Lung, Charles (Chairman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

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 2020, 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**

| Name of Director                                   | Capacity   | Number of Shares/underlying Shares |                       |                           | Total         | Approximate %<br>of Shareholding<br>(Note 7) |
|--|--|------------------------------------|-----------------------|---------------------------|---------------|--|
|  |  | Personal<br>Interest               | Corporate<br>Interest | Other<br>Interest         |               |  |
| <b>Directors</b>                                   |  |                                    |                       |                           |               |  |
| Mr. Wong Yu Lung, Charles<br>("Mr. Wong")          | Beneficial owner and trustee<br>of discretionary trusts        | 103,000,000<br>(Note 1)            | –                     | 1,575,465,517<br>(Note 2) | 1,678,465,517 | 60.77%                                       |
| Ms. Wong, Michelle Yatyee<br>("Ms. Michelle Wong") | Beneficial owner and<br>beneficiary of discretionary<br>trusts | 49,000,000<br>(Note 3)             | –                     | 1,575,465,517<br>(Note 2) | 1,624,465,517 | 58.81%                                       |
| Mr. Ma Ho Fai GBS JP<br>("Mr. Ma")                 | Beneficial owner   | 2,700,000<br>(Note 4)              | –                     | –                         | 2,700,000     | 0.10%  |
| Mr. Cheng Yuk Wo<br>("Mr. Cheng")                  | Beneficial owner   | 2,600,000<br>(Note 5)              | –                     | –                         | 2,600,000     | 0.09%  |
| <b>Chief executive</b>                             |  |                                    |                       |                           |               |  |
| Mr. Wong Ming Bun David<br>("Mr. D. Wong")         | Beneficial owner   | 26,000,000<br>(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<br>(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<br>(Note 9) |
|-------------------|--------------------|------------------|---|
| Ms. Michelle Wong | Trustee of a trust | 20,234,242       | 4.91%                                     |

Notes:

- 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 15 to 16 of this report).
- 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.
- These interests represented the share options granted to Ms. Michelle Wong under the 2002 Scheme and the 2012 Scheme.
- These interests included 1,200,000 Shares and 1,500,000 share options granted to Mr. Ma under the 2002 Scheme.
- These interests represented the share options granted to Mr. Cheng under the 2002 Scheme.
- These interests represented the share options granted to Mr. D. Wong under the 2012 Scheme.
- As at 30 September 2020, there was a total of 2,761,912,843 Shares in issue.
- As at 30 September 2020, there was a total of 400,000 shares of Goldbond Capital Investments Limited in issue.
- As at 30 September 2020, there was a total of 412,509,000 shares of China Rongzhong in issue.

Save as disclosed above, as at 30 September 2020, 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 2020, 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/<br>underlying Shares | Total         | Approximate %<br>of Shareholding<br>(Note 5) |
|------------------------------------|---|--|---------------|--|
| Mrs. Wong                          | (i) Interest of spouse                  | 103,000,000<br>(Note 1)                | 1,678,465,517 | 60.77%                                       |
|                                    | (ii) Trustees                           | 1,575,465,517<br>(Note 2)              |               |  |
| Miss Jacqueline Wong               | Beneficiary of the discretionary trusts | 1,575,465,517<br>(Note 2)              | 1,575,465,517 | 57.04%                                       |
| Mr. Kwok Wing-Sien<br>("Mr. Kwok") | Interest of spouse                      | 1,624,465,517<br>(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<br>(Note 4)                | 719,656,792   | 26.06%                                       |
| Aceyork                            | Interest in controlled corporation      | 719,656,792<br>(Note 4)                | 719,656,792   | 26.06%                                       |
| Allied Golden                      | Interest in controlled corporation      | 719,656,792<br>(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 %<br>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 2020, there was a total of 2,761,912,843 Shares in issue.
6. As at 30 September 2020, there was a total of 68,400,000 PS in issue.

Save as disclosed above, as at 30 September 2020, 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 31/3/20 | Lapsed during the Period | Outstanding at 30/9/20 |
|---|---------------|-----------------------|--------------------------|------------------------|--------------------------|------------------------|
| <b>Directors</b>                            |               |                       |                          |                        |                          |                        |
| Mr. Wong                                    | 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              |
| <b>Eligible employees</b><br>(in aggregate) | 1/2/2011      | 0.410                 | 1/2/2014 – 31/1/2021     | 3,100,000              | –                        | 3,100,000              |
|   |               |                       |                          | 46,200,000             | –                        | 46,200,000             |

### 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<br>(HK\$) | Exercise period<br>(Note 2) | Outstanding<br>at 31/3/20 | Lapsed<br>during<br>the Period | Outstanding<br>at 30/9/20 |
|---------------------------|---------------|--------------------------|-----------------------------|---------------------------|--------------------------------|---------------------------|
| <b>Directors</b>          |               |                          |                             |                           |                                |                           |
| 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                |
| <b>Chief executive</b>    |               |                          |                             |                           |                                |                           |
| Mr. D Wong                | 18/4/2019     | 0.230                    | 18/4/2022 – 17/4/2029       | 26,000,000                | –                              | 26,000,000                |
| <b>Eligible employees</b> |               |                          |                             |                           |                                |                           |
| (in aggregate)            | 28/6/2013     | 0.295                    | 28/6/2015 – 27/6/2023       | 5,300,000                 | –                              | 5,300,000                 |
|                           | 14/10/2014    | 0.360                    | 14/10/2016 – 13/10/2024     | 28,500,000                | (12,000,000)                   | 16,500,000                |
|                           | 8/12/2016     | 0.272                    | 8/12/2018 – 7/12/2026       | 5,100,000                 | –                              | 5,100,000                 |
|                           |               |                          |                             | 151,900,000               | (12,000,000)                   | 139,900,000               |

Notes:

1. During the Period, no share options were granted, 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.

### **REVIEW OF INTERIM FINANCIAL RESULTS**

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

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

### **CHANGES TO DIRECTORS' INFORMATION**

There has been no change in the Directors' biographical details which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### **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 2019: 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.



**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 19 to 40 which comprises the condensed consolidated statement of financial position of the Company as at 30 September 2020 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.

## **CONCLUSION**

Based on our review, 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

30 November 2020



# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2020

|   | Notes | Six months ended<br>30 September |                                 |
|---|-------|----------------------------------|---------------------------------|
|   |       | 2020<br>HK\$'000<br>(Unaudited)  | 2019<br>HK\$'000<br>(Unaudited) |
| <b>REVENUE</b>  | 5     | <b>2,321</b>                     | 57                              |
| Interest revenue – finance lease  | 5     | 230                              | –                               |
| Cost of service rendered  |       | (1,362)                          | –                               |
| Interest revenue – financing and factoring services                             | 5     | 175                              | 5                               |
| Interest revenue – bank interest income   |       | 921                              | 2,986                           |
| Other income  |       | 764                              | 3,825                           |
| Operating expenses  |       | (25,771)                         | (15,105)                        |
| Reversal of impairment loss/(impairment loss) on advances provided to customers |       | 1,348                            | (1,540)                         |
| Finance costs   |       | (792)                            | (710)                           |
| Share of profit of associates   |       | 6,946                            | 49                              |
| <b>LOSS BEFORE TAXATION</b>   |       | <b>(15,220)</b>                  | (10,433)                        |
| Taxation  | 7     | (410)                            | 107                             |
| <b>LOSS FOR THE PERIOD</b>  | 6     | <b>(15,630)</b>                  | (10,326)                        |
| <b>Other comprehensive income/(expense) after tax</b>                           |       |                                  |                                 |
| <b>Items that will not be reclassified to profit or loss:</b>                   |       |                                  |                                 |
| Exchange differences on translation to presentation currency attributable to:   |       |                                  |                                 |
| The Group   |       | 6,836                            | (17,586)                        |
| <b>Items that may be reclassified to profit or loss:</b>                        |       |                                  |                                 |
| Exchange differences on translation to presentation currency attributable to:   |       |                                  |                                 |
| The Group   |       | (1,402)                          | 8,912                           |
| An associate  |       | 933                              | (2,413)                         |
| Other comprehensive income/(expense) for the period                             |       | 6,367                            | (11,087)                        |
| <b>TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD</b>                               |       | <b>(9,263)</b>                   | (21,413)                        |
| <b>LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>                                     |       |                                  |                                 |
| Owners of the Company   |       | (11,518)                         | (10,326)                        |
| Non-controlling interests   |       | (4,112)                          | –                               |
|   |       | (15,630)                         | (10,326)                        |
| <b>TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD ATTRIBUTABLE TO:</b>              |       |                                  |                                 |
| Owners of the Company   |       | (6,600)                          | (21,413)                        |
| Non-controlling interests   |       | (2,663)                          | –                               |
|   |       | (9,263)                          | (21,413)                        |
| <b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>                     |       |                                  |                                 |
| – Basic and diluted (HK cents)  | 9     | (0.42)                           | (0.37)                          |

# Condensed Consolidated Statement of Financial Position

As at 30 September 2020

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

# Condensed Consolidated Statement of Financial Position

As at 30 September 2020

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

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

|   | Attributable to owners of the Company |   |                                 |  |                                     |                                    |                       |  | Total<br>HK\$'000 |
|---|---------------------------------------|---|---------------------------------|--|-------------------------------------|------------------------------------|-----------------------|--|-------------------|
|   | Share<br>capital<br>HK\$'000          | Employee<br>share-based<br>compensation<br>reserve*<br>HK\$'000 | General<br>reserve*<br>HK\$'000 | Statutory<br>surplus<br>reserve*<br>HK\$'000 | Translation<br>reserve*<br>HK\$'000 | Accumulated<br>losses*<br>HK\$'000 | Sub-total<br>HK\$'000 | Non-<br>controlling<br>interests<br>HK\$'000 |                   |
| At 1 April 2019 (Audited)   | 829,209                               | 38,234  | 6,000                           | 4,245  | (42,084)                            | (538,905)                          | 296,699               | -  | 296,699           |
| <b>Loss for the period (Unaudited)</b>  | -                                     | -   | -                               | -  | -                                   | (10,326)                           | (10,326)              | -  | (10,326)          |
| Exchange differences on<br>translation to presentation<br>currency attributable to: |                                       |   |                                 |  |                                     |                                    |                       |  |                   |
| The Group   | -                                     | -   | -                               | -  | (8,674)                             | -                                  | (8,674)               | -  | (8,674)           |
| An associate  | -                                     | -   | -                               | -  | (2,413)                             | -                                  | (2,413)               | -  | (2,413)           |
| Total comprehensive expense<br>for the period                                       | -                                     | -   | -                               | -  | (11,087)                            | (10,326)                           | (21,413)              | -  | (21,413)          |
| Lapse of share options  | -                                     | (16,376)  | -                               | -  | -                                   | 16,376                             | -                     | -  | -                 |
| Recognition of equity-settled share-<br>based payment expenses                      | -                                     | 276   | -                               | -  | -                                   | -                                  | 276                   | -  | 276               |
| Sub-total   | -                                     | (16,100)  | -                               | -  | -                                   | 16,376                             | 276                   | -  | 276               |
| At 30 September 2019 (Unaudited)  | 829,209                               | 22,134  | 6,000                           | 4,245  | (53,171)                            | (532,855)                          | 275,562               | -  | 275,562           |
| <b>At 1 April 2020 (Audited)</b>  | 829,209                               | 17,116  | 6,000                           | 4,245  | (53,201)                            | (569,642)                          | 233,727               | -  | 233,727           |
| <b>Loss for the period (Unaudited)</b>  | -                                     | -   | -                               | -  | -                                   | (11,518)                           | (11,518)              | (4,112)                                      | (15,630)          |
| Exchange differences on<br>translation to presentation<br>currency attributable to: |                                       |   |                                 |  |                                     |                                    |                       |  |                   |
| The Group   | -                                     | -   | -                               | -  | 3,985                               | -                                  | 3,985                 | 1,449  | 5,434             |
| An associate  | -                                     | -   | -                               | -  | 933                                 | -                                  | 933                   | -  | 933               |
| Total comprehensive expense<br>for the period                                       | -                                     | -   | -                               | -  | 4,918                               | (11,518)                           | (6,600)               | (2,663)                                      | (9,263)           |
| Acquisition of a subsidiary   | -                                     | -   | -                               | -  | -                                   | -                                  | -                     | 40,177                                       | 40,177            |
| Lapse of share options  | -                                     | (1,461)   | -                               | -  | -                                   | 1,461                              | -                     | -  | -                 |
| Recognition of equity-settled share-<br>based payment expenses                      | -                                     | 305   | -                               | -  | -                                   | -                                  | 305                   | -  | 305               |
| Sub-total   | -                                     | (1,156)   | -                               | -  | -                                   | 1,461                              | 305                   | 40,177                                       | 40,482            |
| <b>At 30 September 2020 (Unaudited)</b>   | 829,209                               | 15,960  | 6,000                           | 4,245  | (48,283)                            | (579,699)                          | 227,432               | 37,514                                       | 264,946           |

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 condensed consolidated statement of financial position.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

|  | Six months ended<br>30 September |                                 |
|--|----------------------------------|---------------------------------|
|  | 2020<br>HK\$'000<br>(Unaudited)  | 2019<br>HK\$'000<br>(Unaudited) |
| <b>Net cash generated from/(used in) operating activities</b>                        | <b>5,180</b>                     | (96,687)                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                  |                                 |
| Proceeds from maturity of structured deposits  | –                                | 84,767                          |
| Withdrawal of short term bank deposits with original maturity more than three months | 102                              | 11,938                          |
| Acquisition of a subsidiary  | (4,723)                          | –                               |
| Purchase of property, plant and equipment  | (13,562)                         | (13)                            |
| Other investment activities  | 1,098                            | (816)                           |
| <b>Net cash (used in)/generated from investing activities</b>                        | <b>(17,085)</b>                  | 95,876                          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                                  |                                 |
| Lease payment  | (2,595)                          | (2,162)                         |
| <b>Net cash used in financing activities</b>   | <b>(2,595)</b>                   | (2,162)                         |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                                     | <b>(14,500)</b>                  | (2,973)                         |
| Cash and cash equivalents at beginning of period                                     | 163,137                          | 183,436                         |
| Effect on foreign exchange rate changes  | 3,311                            | (3,206)                         |
| <b>Cash and cash equivalents at end of period</b>                                    | <b>151,948</b>                   | 177,257                         |
| <b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>                             |                                  |                                 |
| Bank balances and cash   | 50,061                           | 16,437                          |
| Short term bank deposits with original maturity within three months                  | 101,887                          | 160,820                         |
|  | <b>151,948</b>                   | 177,257                         |

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## 1. CORPORATE INFORMATION

Goldbond Group Holdings Limited (the “Company”) is a public limited company incorporated in Hong Kong with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and have been suspended for trading since 28 June 2019. The addresses of the registered office and principal place of business of the Company are Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the “Group”) is the provision of financial services business including financing services, factoring services, finance lease business, operating lease business and property technology services in Hong Kong and the PRC and held interests in associates.

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) while the functional currency of the Company is Renminbi (“RMB”) and all values are rounded to the nearest thousand (“HK\$’000”), unless otherwise stated. The reason for selecting Hong Kong dollar as the presentation currency is because the Company is a public company with its shares listed on the Stock Exchange, where most of its investors are located in Hong Kong.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (“Interim Financial Statement”) have been prepared in accordance with Hong Kong Accounting Standard 34 (“Interim Financial Reporting”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures requirements sets out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Interim Financial Statements do not included all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group’s 2020 annual consolidated financial statements for the year ended 31 March 2020 (“2020 Annual Report”). The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in 2020 Annual Report.



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

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current period and prior years.

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

### 4. OPERATING SEGMENT INFORMATION

The Group’s operating segments, identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker (“CODM”), in order to allocate resources to the segments and to assess performance, are summarised as follows:

- (a) financial services business – factoring segment: provision of factoring services;
- (b) financial services business – financing segment: provision of financing services;
- (c) finance lease segment: provision of finance lease business;
- (d) operating lease segment: provision of operating lease business; and
- (e) property technology segment: provision of property technology services.

The segment information is reported below.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## 4. OPERATING SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results

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

|   | For the six months ended 30 September 2020                   |  |                                    |                                      |  |                            |
|---|--|--|------------------------------------|--------------------------------------|--|----------------------------|
|   | Financial services business – factoring (Unaudited) HK\$'000 | Financial services business – financing (Unaudited) HK\$'000 | Finance lease (Unaudited) HK\$'000 | Operating lease (Unaudited) HK\$'000 | Property technology service (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 |
| Revenue from contracts with customers:                        |  |  |                                    |                                      |  |                            |
| Recognised over time  | -  | -  | -                                  | -                                    | 922  | 922                        |
|   | -  | -  | -                                  | -                                    | 922  | 922                        |
| Revenue from other sources                                    | -  | 66   | 31                                 | 1,302                                | -  | 1,399                      |
| Interest revenue – finance lease                              | -  | -  | 230                                | -                                    | -  | 230                        |
| Interest revenue – financing and factoring services           | -  | 175  | -                                  | -                                    | -  | 175                        |
| <b>Segment revenue</b>  | -  | 241  | 261                                | 1,302                                | 922  | 2,726                      |
| <b>Segment results before impairment losses</b>               | (1,197)  | (337)  | (827)                              | 154                                  | (5,992)  | (8,199)                    |
| Reversal of impairment loss on advances provided to customers | -  | 1,348  | -                                  | -                                    | -  | 1,348                      |
| <b>Segment results</b>  | (1,197)  | 1,011  | (827)                              | 154                                  | (5,992)  | (6,851)                    |
| Unallocated interest revenue and other income                 |  |  |                                    |                                      |  | 1,668                      |
| Net exchange loss   |  |  |                                    |                                      |  | (1,550)                    |
| Central administration costs                                  |  |  |                                    |                                      |  | (14,658)                   |
| Gain on bargain purchase                                      |  |  |                                    |                                      |  | 17                         |
| Finance costs   |  |  |                                    |                                      |  | (792)                      |
| Share of profit of associates                                 |  |  |                                    |                                      |  | 6,946                      |
| <b>Loss before taxation</b>                                   |  |  |                                    |                                      |  | (15,220)                   |

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## 4. OPERATING SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results (continued)

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## 4. 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 2020                                      |  |                                    |                                      |  |                            |
|--------------------------|--|--|------------------------------------|--------------------------------------|--|----------------------------|
|                          | Financial services business – factoring (Unaudited) HK\$'000 | Financial services business – financing (Unaudited) HK\$'000 | Finance lease (Unaudited) HK\$'000 | Operating lease (Unaudited) HK\$'000 | Property technology service (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 |
| <b>Assets</b>            |  |  |                                    |                                      |  |                            |
| Segment assets           | 1,399  | 6,511  | 41,168                             | 13,954                               | 1,920  | 64,952                     |
| Interests in associates  |  |  |                                    |                                      |  | 60,011                     |
| Loan to an associate     |  |  |                                    |                                      |  | 1,470                      |
| Unallocated assets       |  |  |                                    |                                      |  | 202,433                    |
| <b>Total assets</b>      |  |  |                                    |                                      |  | <b>328,866</b>             |
| <b>Liabilities</b>       |  |  |                                    |                                      |  |                            |
| Segment liabilities      | 440  | 1,553  | 13,902                             | 2,486                                | 1,745  | 20,126                     |
| Unallocated liabilities  |  |  |                                    |                                      |  | 43,794                     |
| <b>Total liabilities</b> |  |  |                                    |                                      |  | <b>63,920</b>              |

## 4. OPERATING SEGMENT INFORMATION (CONTINUED)

### Segment assets and liabilities (continued)

|                          | As at 31 March 2020  |  |                          |
|--------------------------|--|--|--------------------------|
|                          | Financial services business – factoring (Audited) HK\$'000 | Financial services business – financing (Audited) HK\$'000 | Total (Audited) HK\$'000 |
| <b>Assets</b>            |  |  |                          |
| Segment assets           | 668  | 2,292  | 2,960                    |
| Interests in associates  |  |  | 52,132                   |
| Loan to an associate     |  |  | 1,470                    |
| Unallocated assets       |  |  | 223,930                  |
| <b>Total assets</b>      |  |  | <b>280,492</b>           |
| <b>Liabilities</b>       |  |  |                          |
| Segment liabilities      | 687  | 1,826  | 2,513                    |
| Unallocated liabilities  |  |  | 44,252                   |
| <b>Total liabilities</b> |  |  | <b>46,765</b>            |

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## 5. REVENUE

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

|  | Six months ended 30 September   |                                 |
|--|---------------------------------|---------------------------------|
|  | 2020<br>(Unaudited)<br>HK\$'000 | 2019<br>(Unaudited)<br>HK\$'000 |
| <b>Revenue from contracts with customers</b>               |                                 |                                 |
| Property technology service                                | 922                             | –                               |
| <b>Revenue from other sources</b>                          |                                 |                                 |
| Finance lease income                                       | 31                              | –                               |
| Operating lease income                                     | 1,302                           | –                               |
| Income from financing service                              | 66                              | 57                              |
|  | <b>2,321</b>                    | <b>57</b>                       |
| <b>Interest revenue – finance lease</b>                    | <b>230</b>                      | <b>–</b>                        |
| <b>Interest revenue – financing and factoring services</b> |                                 |                                 |
| Interest income from financing service                     | 175                             | –                               |
| Interest income from factoring service                     | –                               | 5                               |
|  | <b>2,726</b>                    | <b>62</b>                       |

### Disaggregation of revenue from contracts with customers:

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



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## 6. LOSS FOR THE PERIOD

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

## 7. TAXATION

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

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## 8. DIVIDEND

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

## 9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

|  | Six months ended 30 September   |                                 |
|--|---------------------------------|---------------------------------|
|  | 2020<br>(Unaudited)<br>HK\$'000 | 2019<br>(Unaudited)<br>HK\$'000 |
| <b>Loss</b>  |                                 |                                 |
| Loss for the purposes of basic and diluted loss per share<br>(Loss for the year attributable to owners of the Company) | (11,518)                        | (10,326)                        |
| <b>Number of shares (thousand):</b>  |                                 |                                 |
| Weighted average number of ordinary shares for the purpose<br>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.

## 10. PROPERTY, PLANT AND EQUIPMENT

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## 11. ACCOUNTS RECEIVABLE

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

|   | As at<br>30 September<br>2020<br>(Unaudited)<br>HK\$'000 | As at<br>31 March<br>2020<br>(Audited)<br>HK\$'000 |
|---|--|--|
| Accounts receivable                                     | 64,678   | 62,421   |
| Less: Impairment loss recognised on accounts receivable | (62,647)   | (61,254)   |
|   | <b>2,031</b>   | 1,167  |

## 12. ADVANCES PROVIDED TO CUSTOMERS

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## 13. OTHER PAYABLES

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

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

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

## 14. ACQUISITION OF A SUBSIDIARY

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

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

## 14. ACQUISITION OF A SUBSIDIARY (CONTINUED)

Net assets acquired:

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

## 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## 15. FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

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



## 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<br>As at<br>30 September<br>2020<br>HK\$'000<br>(Unaudited) |
|-----------------|---------------------|---------------|--|
| Club debentures | Market approach     | Quoted prices | 37,943   |

| Description     | Valuation technique | Inputs        | Fair value<br>As at<br>31 March<br>2020<br>HK\$'000<br>(Audited) |
|-----------------|---------------------|---------------|--|
| Club debentures | Market approach     | Quoted prices | 37,100   |

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## 16. RELATED PARTY TRANSACTIONS

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

### Key management personnel remuneration

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

### Transactions with related parties

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

Notes:

- Miss Jacqueline Wong, who is the daughter of Mr. Wong Yu Lung, Charles ("Mr. Wong"), became the beneficial owner of the redeemable convertible preference shares issued by the Company during the period.
- Mr. Wong and his daughter Ms. Wong, Michelle 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.

## 17. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

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

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

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

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

## 18. EVENTS AFTER THE END OF THE REPORTING PERIOD

### Disposal of the Trading Business

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

On 18 July 2019, an independent firm (the “Independent Firm”) was engaged to conduct the Investigation. The Independent Firm issued a first report on the Investigation to the Audit Committee on 31 January 2020. The Audit Committee engaged the Independent Firm to conduct certain extended procedures relevant to the Investigation on 19 March 2020 and the Independent Firm issued a final report on the Supplemental Investigation (the “Supplemental Investigation Report”) on 4 September 2020 to the Audit Committee.

As disclosed in the announcements of the Company dated 4 September 2020 and 25 September 2020, the Audit Committee, after having reviewed the key findings of the Supplemental Investigation Report, has recommended the Board to consider disposing of the Trading Business with a view to terminate the Trading Business (which has already been suspended since January 2019) and for the Group to focus on its principal business, and such recommendation has been considered and endorsed by the Board.

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

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

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

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

## 19. APPROVAL OF INTERIM FINANCIAL STATEMENTS

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