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GOLDBOND GROUP HOLDINGS LIMITED
金榜集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 00172)

PRELIMINARY ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016 FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The board of directors (the "Board") of Goldbond Group Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2016 (the "Year") together with comparative figures.

FINANCIAL HIGHLIGHTS

	2016	2015	Changes
	HK$'000	*HK$'000*	
Proposed dividend per share for the year	**HK1.5 cents**	HK1.5 cents	–
OPERATING RESULTS			
Revenue	**48,418**	67,270	(28.0)%
Profit for the year	**124,473**	118,209	5.3%
Profit for the year attributable to owners of the Company	**124,473**	118,209	5.3%
Total comprehensive income for the year attributable to owners of the Company	**21,032**	118,209	(82.2)%
Basic earnings per share	**HK 4.51 cents**	HK 4.31 cents	4.6%
FINANCIAL POSITION			
Equity attributable to owners of the Company	**2,324,588**	2,333,310	(0.4)%

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2016

	Notes	**2016**	2015
		HK$'000	*HK$'000*
Revenue	*3*	**48,418**	67,270
Other income		**12,282**	14,519
Staff costs		**(28,537)**	(28,115)
Other operating expenses		**(26,051)**	(29,879)
Adjustment to the carrying amount of a loan to a joint venture		**(10,746)**	–
Change in fair values of financial liabilities		**31,812**	(27,750)
Direct finance costs		**(1,311)**	(2,000)
Other finance costs		**(629)**	(547)
Share of profit of joint ventures		**95,897**	123,753
Share of profit of associates		**3,460**	–
Profit before taxation	*5*	**124,595**	117,251
Taxation	*6*	**(122)**	958
Profit for the year		**124,473**	118,209
Other comprehensive expenses			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation		**(34,369)**	–
Share of other comprehensive expenses of joint ventures		**(69,072)**	–
Other comprehensive expenses for the year		**(103,441)**	–
Total comprehensive income for the year		**21,032**	118,209
Profit for the year attributable to:			
Owners of the Company		**124,473**	118,209
Total comprehensive income for the year attributable to:			
Owners of the Company		**21,032**	118,209
Earnings per share	*8*		
– Basic		**HK 4.51 cents**	HK 4.31 cents
– Diluted		**HK 4.49 cents**	HK 4.29 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Equipment		**3,669**	4,520
Interests in joint ventures		**1,313,433**	1,606,016
Interests in associates		**323,458**	–
Loan to a joint venture		**34,424**	–
Club debentures		**17,529**	18,639
Deferred tax asset		**10,851**	7,780
		1,703,364	1,636,955
Current assets			
Loan to a joint venture		**448,785**	510,600
Advances provided to customers	9	**189,880**	269,887
Prepayments, deposits and other receivables		**3,285**	3,741
Short term bank deposits			
– with original maturity within three months		**276,706**	72,151
– with original maturity more than three months		**36,906**	240,415
Bank balances and cash		**9,984**	8,342
		965,546	1,105,136
Current liabilities			
Other payables and accrued charges		**21,269**	22,496
Taxation		**2,987**	2,758
Bank borrowing		**–**	32,278
Liabilities under shareholders' agreements	10	**315,240**	347,052
		339,496	404,584
Net current assets		**626,050**	700,552
Total assets less current liabilities		**2,329,414**	2,337,507

	2016	2015
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**829,209**	822,433
Reserves	**1,495,379**	1,510,877
Total equity	**2,324,588**	2,333,310
Non-current liability		
Redeemable convertible preference shares	**4,826**	4,197
	2,329,414	2,337,507

Notes:

1. BASIS OF PREPARATION

The financial results have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations ("INT") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"). The financial results also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2016 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

The financial information relating to the financial years ended 31 March 2016 and 2015 included in this preliminary announcement of the annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 March 2016 in due course.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle

The application of the new and revised HKFRSs in current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to HKAS 27	Equity method in separate financial statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2016.
[2] Effective for annual periods beginning on or after 1 January 2018.
[3] Effective for annual periods beginning on or after 1 January 2019.
[4] Effective date to be determined.

Except as described below, the directors of the Company anticipated that the application of the new and revised HKFRSs issued but not yet effective has had no material impact on the Group's financial performance and position and/or the disclosures when they become effective.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 Financial instruments: Recognition and measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company are in the process of assessing their impact on the consolidated financial statements of these requirements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

3. REVENUE

Revenue for the year represents income received and receivable from the provision of financing service and factoring service.

	2016	2015
	HK$'000	*HK$'000*
Financing service income	**31,775**	55,471
Factoring service income	**16,643**	11,799
	48,418	67,270

4. SEGMENT INFORMATION

The Group's operating segments, identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess performance, are summarised as follows:

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

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

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

The segment information is reported below.

Segment revenue and results

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

For the year ended 31 March 2016

	Financing service	Factoring service	Financial leasing service	Total
	HK$'000	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*
Revenue from customers	**31,775**	**16,643**	**–**	**48,418**
Share of profit of joint ventures	**77,002**	**–**	**18,895**	**95,897**
Share of profit of an associate	**–**	**–**	**4,297**	**4,297**
	108,777	**16,643**	**23,192**	**148,612**
Segment results	**81,915**	**12,239**	**23,192**	**117,346**
Unallocated other income				**11,919**
Change in fair values of financial liabilities				**31,812**
Central administration costs				**(35,016)**
Other finance costs				**(629)**
Share of losses of associates				**(837)**
Profit before taxation				**124,595**

For the year ended 31 March 2015

	Financing service *HK$'000*	Factoring service *HK$'000* *(Note)*	Financial leasing service *HK$'000*	Total *HK$'000*
Revenue from customers	55,471	11,799	–	67,270
Share of profit of joint ventures	92,325	–	31,428	123,753
	147,796	11,799	31,428	191,023
Segment results	123,313	8,292	31,428	163,033
Unallocated other income				13,328
Change in fair values of financial liabilities				(27,750)
Central administration costs				(30,813)
Other finance costs				(547)
Profit before taxation				117,251

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

Note: Included in segment results are direct finance costs of HK$1,311,000 (2015: HK$2,000,000) attributable to the factoring service business.

Segment assets and liabilities

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

As at 31 March 2016

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

As at 31 March 2015

	Financing service *HK$'000*	Factoring service *HK$'000*	Financial leasing service *HK$'000*	Total *HK$'000*
Assets				
Segment assets	1,915,065	151,970	321,064	2,388,099
Unallocated assets				353,992
Total assets				2,742,091
Liabilities				
Segment liabilities	153	32,502	–	32,655
Unallocated liabilities				376,126
Total liabilities				408,781

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments other than part of the interests in associates, club debentures, deferred tax asset, short term bank deposits, bank balances and cash, and certain corporate assets for central administrative uses. All liabilities are allocated to reportable segments other than taxation payable, liabilities under shareholders' agreements, redeemable convertible preference shares and certain corporate liabilities incurred for central administrative purpose.

Other segment information

An analysis of the Group's other amounts included in the measure of segment profit or loss or segment assets by reportable segments is as follows:

For the year ended 31 March 2016

	Financing service ***HK$'000***	**Factoring service** ***HK$'000***	**Financial leasing service** ***HK$'000***	**Unallocated** ***HK$'000***	**Total** ***HK$'000***
Expenditure for reportable segment non-current assets	**–**	**144**	**–**	**945**	**1,089**
Impairment losses on advances provided to customers	**14,152**	**–**	**–**	**–**	**14,152**
Depreciation of equipment	**155**	**416**	**–**	**1,231**	**1,802**

For the year ended 31 March 2015

	Financing service *HK$'000*	Factoring service *HK$'000*	Financial leasing service *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Expenditure for reportable segment non-current assets	5	424	–	2,362	2,791
Impairment loss on advances provided to customers	18,271	–	–	–	18,271
Depreciation of equipment	159	383	–	810	1,352

5. PROFIT BEFORE TAXATION

	2016	2015
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Salaries, allowances and other benefits	**21,589**	23,561
Retirement benefit scheme contributions	**709**	593
Equity-settled share-based payment expenses	**6,239**	3,961
Total staff costs (including directors' remuneration)	**28,537**	28,115
Impairment losses on advances provided to customers	**14,152**	18,271
Auditor's remuneration		
– Audit service	**475**	475
– Non-audit services	**501**	499
Loss on deemed disposal of a joint venture	**942**	–
Operating lease rentals in respect of properties	**3,589**	3,486
and after crediting:		
Interest income from bank deposits (included in other income)	**11,919**	13,328
Gain on disposal of equipment (included in other income)	**43**	380

6. TAXATION

	2016	2015
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Current tax		
Enterprise Income Tax in the Peoples' Republic of China ("China")		
– Provision for the current year	**3,825**	3,511
– (Over)underprovision in prior year	**(165)**	99
	3,660	3,610
Deferred taxation	**(3,538)**	(4,568)
	122	(958)

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

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

7. DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
Dividends recognised as distribution and paid during the year:		
Final dividends of HK1.5 cents per share in respect of the year ended 31 March 2015 (2015: In respect of the year ended 31 March 2014 of HK1.5 cents per share)	**41,429**	41,175

Subsequent to the end of the reporting period, a final dividend of HK1.5 cents (2015: HK1.5 cents) per share has been proposed by the Board and is subject to approval by the shareholders in the forthcoming annual general meeting of the Company.

8. EARNINGS PER SHARE

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

	2016	2015
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**124,473**	118,209
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,757,979**	2,745,013
Effect of dilutive potential ordinary shares:		
Share options	**14,205**	8,706
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,772,184**	2,753,719

9. ADVANCES PROVIDED TO CUSTOMERS

	2016	2015
	HK$'000	*HK$'000*
Advances provided to customers	**233,285**	301,005
Less: Impairment allowances	**(43,405)**	(31,118)
	189,880	269,887

As at 31 March 2016, the advances provided to customers, which bore fixed interest at a rate of not more than 18.0% (2015: 16.8%) per annum, were repayable according to the loan agreements and factoring facility agreements. The balances were secured by assets such as properties, bank's acceptance bills, and equity interests in certain private entities in China where applicable.

10. LIABILITIES UNDER SHAREHOLDERS' AGREEMENTS

	2016	2015
	HK$'000	*HK$'000*
Current		
Call option	–	3,589
Provision for share subscription	**315,240**	312,000
Estimated liability	–	31,463
Total	**315,240**	347,052

As a result of the introduction of an investor, Silver Creation Investments Limited ("Silver Creation"), to Rongzhong Group Limited ("Rongzhong Group") on 26 October 2011, Perfect Honour Limited ("Perfect Honour"), a wholly owned subsidiary of the Company, entered into two shareholders' agreements pursuant to which the following financial instruments were recognised. Definitions of the capitalised terms and other details are set forth in the circular dated 23 September 2011 (the "2011 Circular").

Call option

Pursuant to the terms of the shareholders' agreements, a call option (the "Call Option") was granted to Mr. Xie Xiao Qing ("Mr. Xie"), a former executive director of the Company, to purchase 342,500 shares of Rongzhong Group from Perfect Honour before completion of a proposed event, but in any event no later than 31 December 2015, at a price per share equal to (I) the price per share of Rongzhong Group under the Xie's S&P agreement plus (II) an interest of 6% per annum, compounded annually, on the price per share of Rongzhong Group under the Xie's S&P agreement from 26 October 2011 to the exercise date. The Call Option was lapsed as at 31 March 2016.

As at 31 March 2015, the fair value of the Call Option was derived at after taking into consideration the expected completion date of a proposed event, the underlying business value of Rongzhong Group and the adoption of the Black-Scholes model with the following details.

Date of valuation	31 March 2015
Fair value at measurement dates (HK$)	3,589,000
Exercise price (HK$)	82.03
Expected volatility	38.093%
Expected dividends	–
Risk-free interest rate (based on Hong Kong Exchange Fund Notes)	0.0703%

Provision for share subscription

Pursuant to the terms of the shareholders' agreements, Perfect Honour has undertaken to, subject to the happening of any one of the two triggering events as set forth in the 2011 Circular, subscribe additional shares of Rongzhong Group at a subscription price of HK$315,240,000 (the "Share Subscription"). The Share Subscription was completed in April 2016.

As at 31 March 2016, the fair value of the provision for the Share Subscription was measured based on the discounted cash flow method with the following details:

Date of valuation	**31 March 2016**	31 March 2015
Fair value at measurement dates (HK$)	**315,240,000**	312,000,000
Expected date of a triggering event to occur	–	31 December 2015
Subscription price (HK$)	**315,240,000**	315,240,000
Discount rate (prevailing market lending rate in Hong Kong)	–	4.218%

Estimated liability

Pursuant to the terms of the shareholders' agreements, Silver Creation may, subject to the happening of a triggering event as set forth in the 2011 Circular by 31 December 2015, request Perfect Honour, Yong Hua International Ltd. ("Yong Hua"), Legend Crown International Limited and Plenty Boom Investments Limited either (I) to immediately fulfill their respective obligations for the Share Subscription (applicable to Rongzhong Group only, with details disclosed in the section headed "Provision for Share Subscription" above); or (II) at their sole and absolute discretion jointly elect to either purchase or procure Rongzhong Group and/or Rongzhong Capital Holdings Limited ("Rongzhong Capital") to redeem all their respective shares of Rongzhong Group and/or Rongzhong Capital owned by Silver Creation resulting from the Introduction at a price equal to Silver Creation's investment cost plus the higher of (a) 12% on such investment cost and (b) the undistributed profits of Rongzhong Group and Rongzhong Capital attributable to Silver Creation ("Put Options"), and, in the case of redemption of shares of Rongzhong Group, minus the consideration paid, if any, by Mr. Xie to Silver Creation as a result of the exercise of a call option granted by Silver Creation to Mr. Xie under the shareholders' agreements.

The fair value of estimated liability with respect to (I) was included in the provision for share subscription. As at 31 March 2015, the fair value of the estimated liability attributable to the Group with respect to (II) was measured based on the discounted cash flow method with the management's assumptions on estimated liability, probability of occurrence of the triggering event, discount rate and time to extinguishment of the estimated liability. As at 31 March 2016, the Put Options were lapsed.

The discount rate was the sum of risk-free interest rate, credit spread and liquidity risk premium as at the date of valuation.

If the unobservable input regarding the probability of the triggering event to occur to the valuation model was 5% higher/lower while all the other variables were held constant, the carrying amount of the estimated liability as at 31 March 2015 would increase/decrease by HK$2,524,000.

11. EVENT AFTER THE REPORTING PERIOD

Save as disclosed above in Notes 7 and 10, the Group had no other significant subsequent event after the reporting period.

BUSINESS REVIEW

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

Financing

– ***Small loan financing***

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

In view of slow-down of the economy in third-tier cities, like Yancheng, the Group timely adjusted its operating strategy. Over the past two years, the Group prudently promoted the small loan financing business among high quality customers to maintain stable return and ensure that the newly released loans were effectively safeguarded. As a result, the average interest rate of our loan portfolio and the revenue from the small loan financing business dropped. The income from small loan financing for the Year was HK$3.0 million, representing a decrease of 65% from previous year. The Group has been implementing capital reduction of Yancheng Goldbond so that the financial resources could be diverted to other business with growth potential.

– ***Loan to Rongzhong Group***

The Group granted a revolving loan facility to Rongzhong Group for the development of its financing service business in China and details of the loan were disclosed in the circular of the Company dated 23 September 2011. As at 31 March 2016, the loan to Rongzhong Group ("RZG Loan") with carrying value of HK$483.2 million (after taking into account a write down of HK$10.7 million during the year in accordance with applicable accounting standards) (2015: HK$510.6 million) and bearing a fixed interest rate of 5% per annum, was unsecured. The interest income realised from the loans was HK$28.8 million, decreased by HK$18.2 million from previous year.

According to and subject to the terms of the shareholders' agreement of Rongzhong Group dated 26 October 2011 and the respective shareholders' resolutions in relation to the arrangement of subscription of additional shares in Rongzhong Group at subscription price of HK$315.2 million and HK$128.8 million, respectively by Perfect Honour and Yong Hua ("Subscriptions"), part of the RZG Loan in the total sum of HK$444 million would be assigned to Perfect Honour and Yong Hua to make up the Subscriptions. At the request of Yong Hua, the Group agreed to provide a loan facility ("Loan Facility") in the sum of HK$128.8 million to Yong Hua for the settlement of amount payable under the above-mentioned assignment of the RZG Loan to Yong Hua. Details of the Loan Facility were disclosed in the announcement of the Company dated 18 April 2016. In April 2016, the Loan Facility was drawn down by Yong Hua, and the loan assignments and the Subscriptions were completed.

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

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

The revenue of Rongzhong Group Companies for the Year was HK$850.4 million (2015: HK$824.1 million). However, profit of Rongzhong Group Companies decreased by HK$38.3 million to HK$199.4 million (2015: HK$237.7 million) as an exchange loss of HK$34.2 million (2015: nil) was recognised with unfavorable movement in the exchange rate of the Renminbi ("RMB") against the Hong Kong dollar. The share of profit of Rongzhong Group Companies by the Group for the Year was HK$77.0 million, representing a decrease of HK$15.3 million or 17% from previous year.

The profit of Rongzhong Group Companies was arrived at after charging, inter alia, impairment allowances of HK$253.0 million (2015: HK$256.0 million) and finance cost of HK$163.5 million (2015: HK$157.8 million). The increase in finance cost was mainly due to the increase in borrowing level of Rongzhong Group Companies amid the general drop in interest rates. With slowdown of economic growth, the SMEs financing market has been entering a period of higher default risk. During the last two years, Rongzhong Group suffered high level of impairment allowances as certain of its customers delinquent their loans and interests payment. The financing business of Rongzhong Group Companies exposes to high concentration risk and credit risk due to significant lending to selected customers. The business and future growth of Rongzhong Group Companies depends largely on its ability to effectively manage the credit risk associated with these customers and maintain the quality of its receivables portfolio. If the quality of its receivables portfolio deteriorates, a high level of impairment provision may be required, and the business, prospects, financial condition and results of operations may be adversely affected.

Financial leasing

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

China Rongzhong and its subsidiaries ("China Rongzhong Group"), primarily engages in finance leasing business through Rongzhong International Financial Leasing Co., Ltd. ("Rongzhong Finance Lease") (Rongzhong Capital became the direct wholly-owned subsidiary of China Rongzhong pursuant to reorganisation for Listing (as defined below) in December 2015). Rongzhong Finance Lease is a leading finance leasing company in Hubei Province, providing finance lease services to key industries in Hubei Province, including laser processing, plastics, industrial processing, textile and garments and hotel and leisure. On 28 January 2016, the shares of China Rongzhong were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Listing"). Upon Listing, the Group's interest in China Rongzhong has been diluted from 47.94% to 34.86% and China Rongzhong became an associate (previously a joint venture) of the Group.

The revenue and profit of China Rongzhong Group for the Year was HK$205.0 million and HK$51.6 million, respectively (2015: HK$226.9 million and HK$65.6 million, respectively). Profit slightly decreased due to the non-recurring listing expenses of HK$20.0 million incurred in connection with the Listing. The share of profit of China Rongzhong Group by the Group for the Year was HK$23.2 million (2015: HK$31.4 million) of which HK$18.9 million related to the period prior to Listing and HK$4.3 million related to the period after Listing and were included in share of profit of joint ventures and share of profit of associates, respectively.

Factoring

We established our factoring headquarters in Nanjing, Jiangsu Province in 2014 with the approval from Ministry of Commerce of China. The operating vehicle, Jiangsu Goldbond Factoring Co., Ltd., with registered capital of RMB50 million, is authorised to offer factoring services including collection and management of account receivables and other related advisory services to SMEs across China.

During the Year, the factoring service segment achieved satisfactory growth, and realised revenue of HK$16.6 million (2015: HK$11.8 million), accounting for 34% (2015: 18%) of the total revenue. The revenue source of the Group became more diversified and the Group has stronger capability to resist fluctuation in single product market.

OUTLOOK

China's economy is still under the structural adjustment phase. Apart from slow overall growth, there may be in-depth adjustment in some of the sectors with low production efficiency and excess capacity. In view of the possible deterioration of economic environment in the short term, we, together with our joint venture and associate, are facing various challenges ahead, such as rapid exposure of risky assets, increased difficulties in identifying risk profile of new business opportunities, and intensified competition in financing market for quality customers. While putting effective risk management and control as the top priority of our business operation, we will continue to enhance financial service capability in order to grasp business development opportunities. Also, we will strive to securities part of our loan assets, which would effectively accelerate our assets turnover and lay down a concrete foundation for our further business growth.

As disclosed in the circular of the Company dated 23 June 2015, we are building new growth driver by participating in a real estate fund and holding a significant interest in the manager of such fund so as to capture and benefit from the opportunities in the real estate markets in the developed countries. The manager of the real estate fund is currently exploring real estate projects in the North America with good investment value.

FINANCIAL REVIEW

Revenue

The Group realised revenue for the Year of HK$48.4 million, representing a decrease of 28% from HK$67.3 million as recorded in the previous year. The income from the financing segment was HK$31.8 million, representing a decrease of 43% from previous year. This was mainly due to the Group prudently promoting lower margin loans among high quality customers for stable return and better safeguard of asset as the China economy slows down. During the Year, the Group proactively promoted factoring business and realised revenue of HK$16.6 million for the Year, representing an increase of 41% from previous year.

Staff costs

Staff costs of the Group amounted to HK$28.5 million, which increased by HK$0.4 million or 2% compared to previous year. Such increase is mainly attributable to the increase in the share option expenses, which was partially offset by the decrease in the performance related bonus.

Other operating expenses

Other operating expenses were HK$26.1 million, which decreased by HK$3.8 million or 13% compared to previous year. The decrease in other operating expenses was mainly due to the decrease in provision for bad debts of HK$4.1 million.

Change in fair value of financial liabilities

The fair values of financial liabilities under shareholders' agreements decreased by HK$31.8 million from the end of last year and brought positive financial impacts to the Group's financial performance (2015: negative financial impact of HK$27.8 million). Such decrease was mainly because two options, including the call option granted to Mr. Xie for purchase of shares of Rongzhong Group and put options granted to Silver Creation regarding non-completion of proposed IPO of Rongzhong Group and/or Rongzhong Capital, have lapsed.

Direct finance costs

Direct finance costs were HK$1.3 million (2015: HK$2.0 million), which decreased by HK$0.7 million or 34% compared to previous year. Such increase was mainly due to the decrease in interest expenses for bank loans raised as compared to previous year for the factoring business.

Share of profit of joint ventures/Share of profit of associates

Share of profit of joint ventures composed of share of profit of China Rongzhong Group prior to the Listing and share of profit of Rongzhong Group Companies. Share of profit of joint ventures for the Year amounted to HK$95.9 million, representing a decrease of 23% from HK$123.8 million as recorded in the previous year.

Share of profit of associates mainly composed of share of profit of China Rongzhong Group after the Listing.

Profit for the Year attributable to the owners of the company

Based on the above discussion and analysis, profit for the Year attributable to the owners of the Company was HK$124.5 million, which increased by HK$6.3 million or 5% from the previous year.

Other comprehensive expenses for the Year

Other comprehensive expenses for the Year were HK$103.4 million (2015: nil). The consolidated financial statements of the Group and its joint ventures are presented in Hong Kong dollar while the functional currency is RMB. With unfavorable movement in the exchange rate of the RMB against the Hong Kong dollar during the Year, the Group recognised an exchange loss arising on translation of HK$34.3 million and shared other comprehensive expenses of joint ventures of HK$69.1 million.

Liquidity, financial resources and capital structure

The Group always maintains healthy liquid position and sufficient capital for business development. The Group generally financed its operations through its internal resources and bank facilities provided by banks. As at 31 March 2016, the aggregate sum of cash, bank balances and short term bank deposits amounted to HK$323.6 million (2015: HK$320.9 million). The working capital (current assets less current liabilities) and the total equity of the Group were HK$626.1 million (2015: HK$700.6 million) and HK$2,324.6 million (2015: HK$2,333.3 million) respectively.

As at 31 March 2016, there was no bank borrowing. As at 31 March 2015, the Group's short-term bank borrowing was HK$32.3 million, which was mainly used to support the expansion of the factoring service business in China. It carried fixed interest rate of 6% per annum. The bank borrowing was denominated in RMB which was the functional currency of the relevant operating entity. The Group has not entered into any hedging instruments to reduce interest rate risk exposure.

KEY FINANCIAL RATIO

Net asset value per share

	2016	**2015**
Net asset value per share (HK cents)	**84.2**	85.0

The consolidated financial statements of the Group and its joint venture and associate are presented in Hong Kong dollar while the functional currency is RMB. Our net asset value per share decreased from 2015 to 2016 was mainly contributed by unfavorable movement in the exchange rate of the RMB against the Hong Kong dollar which resulted in exchange loss arising on translation recognised by the Group and its joint ventures.

Gearing ratio

	2016	**2015**
Gearing ratio(1)	**N/A**	1.4%

(1) Gearing ratio = total bank borrowings/total equity

During the Year, the Group made use of capital leverage for our factoring operations while at the same time closely managed the Group's gearing ratio to avoid potential liquidity risk. As at 31 March 2016, there was no bank borrowing.

Charges on group assets

As at 31 March 2016, there was no charge on the Group's assets.

Exposure to fluctuations in exchange rates

The Group reports its operating result in Hong Kong dollar but major operations of the Group are carried out in China, transacted and recorded in 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. At present, the Group has not entered into any hedging or other instrument to reduce currency risks. However, the management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

Contingent liabilities

As at 31 March 2015, the Company had given a guarantee to 47.94% for the loan facilities granted by a bank to a joint venture of the Group. The joint venture fully repaid the loan during the Year.

Employees and remuneration policy

As at 31 March 2016, the Group had 36 staff located in both Hong Kong and China. The Group remunerates these employees based on their performance, experience and prevailing industry practices. Other benefits offered to these employees include medical insurance, retirement scheme and training subsidies. In addition, the Group has set up a share option scheme for the purpose of providing incentives to the eligible employees.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED 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 Year.

REVIEW OF 2015/16 CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company reviewed the consolidated financial statements of the Group for the Year.

CORPORATE GOVERNANCE

Save as disclosed below, the Company has applied the principles and complied with all code provisions of the Corporate Governance Code ("CG Code") during the Year as set out in Appendix 14 to the Listing Rules. In respect of code provision E.1.2 of the CG Code, the Company's Chairman was unable to attend the annual general meeting of the Company held on 26 August 2015 due to health reason.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. The Company, having made specific enquiry of all Directors, confirmed that all Directors have complied with the required standard of dealings set out therein throughout the Year.

ANNUAL GENERAL MEETING

The 2016 AGM will be held on Monday, 22 August 2016. The notice of the 2016 AGM will be published on the websites of the Stock Exchange and the Company and sent to the shareholders of the Company (the "Shareholders"), together with the Company's 2015/16 Annual Report, in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining Shareholders' eligibility to attend and vote at the 2016 AGM, and entitlement to the final dividend, the register of members of the Company will be closed as set out below:

(i) For determining Shareholders' eligibility to attend and vote at 2016 AGM:

Latest time to lodge transfer documents for registration	4:30 p.m. on Tuesday, 16 August 2016
Closure of register of members	Wednesday, 17 August 2016 to Monday, 22 August 2016 (both dates inclusive)
Record date	Monday, 22 August 2016

(ii) For determining Shareholders' entitlement to final dividend:

Latest time to lodge transfers documents for registration	4:30 p.m. on Monday, 29 August 2016
Closure of register of members	Tuesday, 30 August 2016 to Friday, 2 September 2016 (both dates inclusive)
Record date	Friday, 2 September 2016

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2016 AGM, and to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than the aforementioned latest time.

By order of the Board
Goldbond Group Holdings Limited
Kelly Li
Company Secretary

Hong Kong, 24 June 2016

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