



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

stock code: 172



Interim Report  
2007/08



## BOARD OF DIRECTORS

### Executive Directors

Mr. Wang Jun (*Chairman*)  
Mr. Wong Yu Lung, Charles  
(*Deputy Chairman and Chief Executive Officer*)  
Mr. Ding Chung Keung, Vincent  
(*Deputy Chief Executive Officer*)  
Mr. Lan Ning  
(*Deputy Chief Executive Officer, China Region*)  
Mr. Kee Wah Sze  
Mr. Xie Xiao Qing  
Miss Wong, Michelle Yatyee

### Independent non-executive Directors

Mr. Ma Ho Fai SBS JP  
Mr. Melvin Jitsumi Shiraki  
Mr. Cheng Yuk Wo

## AUDIT COMMITTEE

Mr. Cheng Yuk Wo (*Chairman*)  
Mr. Ma Ho Fai SBS JP  
Mr. Melvin Jitsumi Shiraki

## REMUNERATION COMMITTEE

Mr. Cheng Yuk Wo (*Chairman*)  
Mr. Ma Ho Fai SBS JP  
Mr. Kee Wah Sze

## SECRETARY

Ms. Li Yu Lian, Kelly

## AUDITORS

Deloitte Touche Tohmatsu  
*Certified Public Accountants*

## REGISTERED OFFICE

Units 1901-06, 19/F., Tower One  
Lippo Centre  
89 Queensway  
Hong Kong

## SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
46th Floor  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

## LEGAL ADVISER

lu, Lai & Li

## PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited  
CITIC Ka Wah Bank Limited  
Hang Seng Bank Limited  
The Hongkong and Shanghai Banking  
Corporation Limited

## WEBSITES

<http://www.goldbondgroup.com>  
<http://finance.thestandard.com.hk/en/0172goldbond>

## STOCK CODE

0172



# Management Discussion and Analysis

## RESULTS AND DIVIDEND

Turnover of Goldbond Group Holdings Limited (“the Company”) and its subsidiaries (collectively “the Group”) for the period ended 30 September 2007 was approximately HK\$62,073,000 (including the turnover relating to discontinued operation) (for the six months ended 30 September 2006: HK\$26,147,000), an increase of 137% over the same period of last year. The increase was mainly due to the increase in income from consumer/SME finance business and had been partly offset by the decrease of the rental and management fee income from Golden Plaza which was disposed of in May 2007, resulting in a profit after tax attributable to the equity holders of the Company of approximately HK\$98,481,000 (for the six months ended 30 September 2006: HK\$20,476,000) which represented an increase of 381% over the same period last year.

The Board did not recommend the payment of dividend in respect of the results for the six months ended 30 September 2007 (for the six months ended 30 September 2006: nil).

## BUSINESS REVIEW

2007 is a prosperous year for the Group, after completion of the disposal of Golden Plaza, Nanjing International Center and Goldbond Capital Holdings Limited (“Goldbond Capital”), the Group has concentrated its resources on secured bridge finance and guarantee business through the Group’s 71% owned subsidiary, Rongzhong Group Limited (“Rongzhong”). In August 2007, the Group established its Business Consultancy Division which provides consultancy services in project finance, project consultancy, management of distressed assets, direct investment and property investment in the PRC.

### Financial services

#### *Rongzhong*

The Group has 71% equity interest in Rongzhong. For the six months ended 30 September 2007, Rongzhong and its subsidiaries (“Rongzhong Group”) contributed a turnover of HK\$56,706,000 (for the six months ended 30 September 2006: HK\$9,163,000). Guarantee income is recognized over the life of the guarantee contracts and as at 30 September 2007, the deferred income amounted to approximately HK\$30,640,000 which was to be recognized in the forthcoming 3 financial years.

As a result of the continuous promotion on domestic spending (versus exports) by the PRC government, and its strict control towards the overheated stock and property markets, bank borrowing has become strenuous. Hence, the demand for secured bridging finance grew tremendously which created a golden opportunity for the Group to further develop within this industry.

In May and August 2007, the Group entered into two loan agreements with Rongzhong, pursuant to which the Group conditionally agreed to advance a HK\$60 million and a HK\$500 million revolving loans facility respectively to Rongzhong as general working capital at interest rate of 16% per annum. The two loan agreements were approved by shareholders of the Company in June and September 2007 respectively. As at 30 September 2007, the total outstanding loan amounted to HK\$60,151,000. In August 2007, the Group entered into a sale and purchase agreement with Yong Hua International Limited (“Yong Hua”), a minority shareholder of Rongzhong, pursuant to which Perfect Honour Limited, a wholly owned subsidiary of the Group, had conditionally agreed to acquire, and Yong Hua had conditionally agreed to sell, the 20% of the entire issued share capital of Rongzhong at a consideration of HK\$135 million, which was settled by a 3 year, zero coupon convertible note issued by the Company on 2 October 2007 (“the Issued Date”). Yong Hua has the right to convert the whole or part of the convertible note at the conversion price of HK\$1.08 (subject to adjustments) with the following conditions: (i) HK\$54,000,000 convertible on any business day from the 1st anniversary of the Issued Date up to the business day immediately prior to the 2nd anniversary of this note and (ii) HK\$81,000,000 or any cumulative outstanding amount convertible from the 2nd anniversary of the Issued Date up to the business day immediately prior to the maturity date (1 October 2010). After the acquisition, the Group owns 71% of equity interest in Rongzhong.



## Principal activities of the Rongzhong Group

### 1. Loan Guarantee

Rongzhong Group carries on loan guarantee business in seven cities in the PRC, namely Chengsha, Chengdu, Chongqing, Wuhan, Guangzhou, Nanjing and Hangzhou. It is principally engaging in the provision of guarantee and related services for individuals in relation to the following major types of loans: (1) consumable purchase; (2) educational fund; (3) residential renovation; (4) travel and wedding; (5) mobile phones; (6) motor vehicle, (7) real estate property and (8) sole proprietor working capital. The total guarantee amount of Rongzhong Group granted in the period under review amounted to approximately RMB1,961,938,000 (for the six months ended 30 September 2006: RMB244,445,000). Currently, Rongzhong Group has established working relationship with the following banks:

- Bank of Communications
- Changsha Commercial Bank
- Shenzhen Development Bank
- China Construction Bank
- Guangdong Development Bank
- Industrial and Commercial Bank of China
- Shanghai Pudong Development Bank
- China Merchants Bank
- China Minsheng Banking Corporation
- Industrial Bank
- China Everbright Bank
- Bank of Nanjing
- Agricultural Bank of China
- Bank of China

### 2. Secured Bridge Finance

Rongzhong Group first launched its secured bridge finance service in Wuhan, the PRC in March 2006. In October 2007, it further extended such service in Chongqing, Chengdu and Nanjing.

Rongzhong Group provides different types of secured bridge finance services including but not limited to the provision of bridge loans for management buyout, to SME and property developers for short term project financing. For the period ended 30 September 2007, total loans granted by the Group amounted to RMB744,338,000 (for the six months ended 30 September 2006: RMB80,000,000). As at 30 September 2007, Rongzhong Group maintained a loan portfolio of approximately HK\$194,554,000. The secured bridge finance loan portfolio continues to achieve a high yield averaging at above 4% per month.

As the profit margin for secured bridge finance is high while the business risk is relatively low, Rongzhong Group will continue to expand the secured bridge finance business to other mainland cities when opportunities arise. To fully utilize our extensive network throughout the many platforms we had built over the years, Rongzhong Group intends to further expand into locations which we had been providing guarantee services, namely Hangzhou, Guangzhou and Chengsha.

### 3. Credit Cards

To further capitalize the existing platform and network, Rongzhong Group had lined up with China Merchants Bank ("CMB") to issue credit cards with installment loan feature. In August 2006, the first stage of this operation was launched in three of Rongzhong's operating cities, namely Chengdu, Wuhan, Hangzhou. Currently, this operation is still at its trial stage in order for CMB and Rongzhong Group to adapt to operation flow, to explore co-operating merchants and to develop a diligent information technology platform tailored for this exclusive operation.

The Directors believe that investment in financial services industry will be a long term strategic move for the Group, leveraging on the Group's expertise and strong network in the PRC.





# Management Discussion and Analysis

## *Goldbond Capital*

In July 2007, Flourish Global Limited (“Flourish Global”), a wholly owned subsidiary of the Company, entered into a conditional equity purchase agreement with independent third parties to dispose of Flourish Global’s entire 20% interest in Goldbond Capital at a consideration of approximately US\$10,240,000. The transaction was completed in October 2007 and a gain on disposal of approximately HK\$33,059,000 was recorded in the period under review.

## **Business consultancy**

In order to explore further business opportunities, the Group established its Business Consultancy Division during the period under review.

In August 2007, Goldbond Management (Shanghai) Company Limited, a wholly owned subsidiary, was incorporated in Shanghai which provides a wide range of services including project finance, project consultancy, distressed assets management, direct investment and property investment in the PRC.

In September 2007, Famous Apex Limited (“Famous”), a wholly owned subsidiary of the Company, entered into two loan agreements with Zhuhai Poly Sanhao Company Limited<sup>#</sup> (“Poly Sanhao”) and Worldpro International Investment Limited (“Worldpro”), pursuant to which Famous conditionally agreed to make available term loans of RMB100,000,000 and RMB15,000,000 to Poly Sanhao and Worldpro respectively. The two loan agreements were approved by shareholders of the Company in October 2007 and the loans collectively will provide the Group with a potential investment return of over 35% per annum for a term of three years. Up to the date of the report, the loans were not yet drawn as some of the conditions precedent had not fulfilled.

## **Property investment and development**

### *Golden Plaza, Hong Kong*

The rental income derived from Golden Plaza in Hong Kong for the period under review was approximately HK\$2,792,000 (for the six months ended 30 September 2006: HK\$16,984,000), a decrease of 84% over the same period last year. The decrease was mainly due to the termination of rental and management income as a result of the disposal of the shop units and the external walls outside of Golden Plaza to an independent third party (the “Purchaser”) in May 2007. The total consideration for such disposal was approximately HK\$530,000,000. According to the sale and purchase agreements, the Group entered into a licence agreement with the Purchaser on 2 May 2007 to lease certain area of the upper part and the lower part of the exterior walls of Golden Plaza. If the conditions as set out in the licence agreement cannot be fulfilled within 2 years, the Group is required to purchase the external walls from the Purchaser at a consideration of HK\$15,000,000 (the “Put Option”). Details of the Put Option can be referred to the Note 6 to the financial statements. The gain on disposal amounted to approximately HK\$4,818,000 for the period under review.

### *Nanjing International Center, Nanjing*

The disposal of the Group’s 25% interest in Nanjing City Plaza Construction Co. Limited (“NCPC”) at a consideration of approximately HK\$125,329,000 was completed in June 2007. The Board was of the view that the disposal represented a good opportunity for the Group to dispose of NCPC at a premium to its net book value and to avoid further capital commitment in the non-core business of the Group. A gain on disposal of approximately HK\$19,635,000 was recorded.

<sup>#</sup> For identification purpose only



### Future plans

The Group has transformed from its principal activities of property investment and development to provision of consumer/SME financing and business consultancy services. The disposal of Golden Plaza, NCPC and Goldbond Capital had strengthened the Group's financial position and allowed the Group to conglomerate its resources to further venture in the financial service and other prosperous opportunities. In April 2007, Mr. Wang Jun, the renowned former Chairman of CITIC Group, joined the Company as the Chairman and Executive Director. The future development of the Group will definitely be benefited from Mr. Wang's impeccable business network. In view of all the affirmative factors and immense business opportunities ahead, the Group will focus to expand in the financial service industries.

## FINANCIAL REVIEW

### Liquidity and capital resources

As at 30 September 2007, the Group has secured banking facilities of HK\$20,000,000 and RMB280,000,000 (31 March 2007: HK\$116,000,000 and RMB90,000,000) granted by several banks in Hong Kong and the PRC, which were secured by a floating charge over the assets of a subsidiary of the Company and corporate guarantees and certain properties of related companies. All these banking facilities bore interest with reference to the HIBOR or rate offered by the People's Bank of China and were utilized up to HK\$15,000,000 and RMB188,905,000 respectively as at 30 September 2007 (31 March 2007: HK\$32,000,000 and RMB59,050,000).

At present, the Group has not used any derivative to hedge against the interest rate risk exposure.

In August 2004, the Company issued convertible notes with a nominal value of HK\$70,000,000 to a related company with a maturity date on 5 August 2007. The notes were interest free and might be converted into ordinary shares of HK\$0.10 each in the share capital of the Company (the "Share(s)") at a conversion price of HK\$0.17 per Share, subject to adjustment upon the occurrence of certain events. On 31 July 2007, convertible notes with a nominal value of HK\$53,000,000 were converted into 311,764,705 Shares by the then note holder and the remaining balances of HK\$17,000,000 were redeemed on 5 August 2007.

In December 2004, the Company issued convertible notes with a nominal value of HK\$30,000,000 to another related company with a maturity date on 5 August 2007. The notes were interest free and might be converted into Shares at a conversion price of HK\$0.129 per Share, subject to adjustment upon the occurrence of certain events. On 31 July 2007, the convertible notes were fully converted into 232,558,138 Shares by the then notes holders.

On 20 July 2007, arrangements were made for a private placement of existing Shares to professional and institutional investors of 268,000,000 Shares at a price of HK\$1.18 each. The net proceeds of approximately HK\$307,000,000 were used for the development of secured bridge finance services in the PRC and for general working capital purposes of the Group.

As at 30 September 2007, the Group had maintained adequate liquidity with cash and bank balances of HK\$785,483,000 (31 March 2007: HK\$46,392,000). The gearing ratio as at 30 September 2007, measured as total liabilities to total assets, was 32.67% (31 March 2007: 54.55%).

The Group's transaction and monetary assets are principally denominated in Hong Kong dollars, United States dollars and Renminbi. With relatively stable exchange rates of Renminbi to Hong Kong dollar and Hong Kong's linked exchange rate between United States dollar and Hong Kong dollar, the Group's exposure to foreign exchange risk remained low.



# Management Discussion and Analysis

## **Charges on the Group's assets**

As at 30 September 2007, the Group's banking facilities were granted by several banks in Hong Kong and the PRC, which are secured by the floating charges over interest in subsidiaries and certain assets of Rongzhong with an aggregate carrying value of HK\$209,660,000 and HK\$55,900,000 (31 March 2007: HK\$96,660,000 and HK\$47,437,000).

As at 30 September 2007, the guarantee facilities granted to the Group were secured by the security deposits in an aggregate of approximately HK\$64,408,000 (31 March 2007: HK\$37,969,000).

## **Contingent liabilities**

As at the balance sheet date, there were contingent liabilities in respect of the following:

- (a) The Group has contingent liabilities of RMB1,211,220,000, equivalent to approximately HK\$1,261,687,000 (31 March 2007: RMB822,726,000 equivalent to approximately HK\$822,726,000) in relation to the provision of the guarantee services in the PRC.
- (b) The Group granted a guarantee of US\$3,750,000, equivalent to approximately HK\$29,250,000 as at 31 March 2007 in respect of banking facilities granted to a jointly controlled entity. The full amount was utilized as at 31 March 2007. The Group also pledged its attributable equity interests in the jointly controlled entity for such banking facilities. With the completion of the disposal during the period as detailed in Note 6 to the financial statements, the Group's obligation as guarantor was released.
- (c) The Group entered into funding, allocation and distribution agreements in respect of a bank loan of RMB148,977,000 equivalent to approximately HK\$148,977,000 as at 31 March 2007, borrowed by a jointly controlled entity. With the completion of the disposal during the period as detailed in Note 6 to the financial statements, the Group's obligation under those agreements was released.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2007, the Group's total number of staff was approximately 590 in Hong Kong and the PRC. The Group remunerates its employees based on their performance, experience and prevailing industry practices. Other benefits offered to the 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.



## **Deloitte.** **德勤**

### **TO THE BOARD OF DIRECTORS OF GOLDBOND GROUP HOLDINGS LIMITED**

#### **INTRODUCTION**

We have reviewed the interim financial information set out on pages 8 to 28, which comprises the condensed consolidated balance sheet of Goldbond Group Holdings Limited as of 30 September 2007 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing 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 the Hong Kong Accounting Standard (“HKAS”) 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 HKAS 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 the 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 enquiries, 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 HKAS 34.

#### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

21 December 2007





# Condensed Consolidated Income Statement

For the six months ended 30 September 2007

	Notes	1.4.2007 to 30.9.2007 HK\$'000 (Unaudited)	1.4.2006 to 30.9.2006 HK\$'000 (Unaudited and restated)
<b>Continuing operation</b>			
Turnover	3	59,281	9,163
Other income		13,037	1,200
Gain on disposal of associates	20	33,059	–
Other operating expenses		(45,559)	(25,239)
Share of profits of associates		4,218	147
Finance costs		(13,527)	(7,657)
Profit (loss) before taxation	4	50,509	(22,386)
Taxation	5	(1,965)	(194)
Profit (loss) for the period from continuing operation		48,544	(22,580)
<b>Discontinued operation</b>			
Profit for the period from discontinued operation	6	24,298	43,056
Profit for the period		72,842	20,476
Attributable to:			
Equity holders of the parent		98,481	20,476
Minority interests		(25,639)	–
		72,842	20,476
Earnings (loss) per share			
8			
From continuing and discontinued operations			
– Basic		4.86 cents	1.23 cents
– Diluted		4.00 cents	N/A
From continuing operation			
– Basic		3.66 cents	(1.36) cents
– Diluted		3.04 cents	N/A

# Condensed Consolidated Balance Sheet

At 30 September 2007



	Notes	30.9.2007 HK\$'000 (Unaudited)	31.3.2007 HK\$'000 (Audited)
<b>Non-current assets</b>			
Plant and equipment	9	5,553	4,953
Consideration receivable from disposal of associates	20	19,579	–
Deposits for acquisition of an investment		5,206	–
Interest in associates		–	41,599
Goodwill		103,686	–
Intangible assets		521	–
Club debentures		11,380	3,000
		<b>145,925</b>	49,552
<b>Current assets</b>			
Amount due from associate		–	8
Properties held for sale		8,344	8,010
Debtors, advances provided to customers, prepayments and deposits	10	353,479	110,431
Consideration receivable from disposal of associates	20	60,295	–
Security deposits	11	64,408	37,969
Pledged deposits		–	24,076
Bank balances and cash		785,483	46,392
		<b>1,272,009</b>	226,886
Non-current assets classified as held for sale	6	15,000	634,849
		<b>1,287,009</b>	861,735
<b>Current liabilities</b>			
Loans from a related company		–	48,143
Amounts due to minority shareholders		–	21,047
Other payables and accrued charges		100,227	70,605
Taxation		5,637	631
Bank and other borrowings			
– amount due within one year	12	217,203	81,050
Convertible notes	13	–	97,038
Liabilities arising from financial guarantee contracts	14	3,632	2,413
		<b>326,699</b>	320,927
Liabilities associated with non-current assets classified as held for sale	6	–	160,270
		<b>326,699</b>	481,197
<b>Net current assets</b>			
		<b>960,310</b>	380,538
		<b>1,106,235</b>	430,090



# Condensed Consolidated Balance Sheet

At 30 September 2007

	Notes	30.9.2007 HK\$'000 (Unaudited)	31.3.2007 HK\$'000 (Audited)
Capital and reserves			
Share capital	15	258,196	167,444
Reserves		661,160	246,746
Equity attributable to equity holders of the Company		919,356	414,190
Minority interests		45,407	–
Total equity		964,763	414,190
Non-current liabilities			
Consideration for acquisition of additional interest in subsidiaries		135,000	–
Bank and other borrowings – amount due after one year	12	5,000	10,000
Redeemable convertible preference shares	16	1,472	1,373
Deferred taxation		–	4,527
		141,472	15,900
		1,106,235	430,090

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2007



	Attributable to equity holders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Revaluation reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Convertible notes reserve HK\$'000 (note 13)	General reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 April 2006	166,244	97,713	3,000	2,961	22,297	6,000	1,696	57,603	357,514	-	357,514
Exchange differences on translation of foreign operations recognised directly in equity	-	-	-	-	-	-	3,859	-	3,859	-	3,859
Profit for the year	-	-	-	-	-	-	-	48,703	48,703	-	48,703
Total recognised income for the year	-	-	-	-	-	-	3,859	48,703	52,562	-	52,562
Sub-total	166,244	97,713	3,000	2,961	22,297	6,000	5,555	106,306	410,076	-	410,076
Issue of shares upon exercise of share options	1,200	576	-	-	-	-	-	-	1,776	-	1,776
Exercise of share options	-	345	-	(345)	-	-	-	-	-	-	-
Lapse of share options	-	-	-	(181)	-	-	-	181	-	-	-
Recognition of equity-settled share-based payments	-	-	-	2,338	-	-	-	-	2,338	-	2,338
At 31 March 2007 and 1 April 2007	167,444	98,634	3,000	4,773	22,297	6,000	5,555	106,487	414,190	-	414,190
Exchange differences on translation of foreign operations recognised directly in equity	-	-	-	-	-	-	3,155	-	3,155	2,988	6,143
Profit (loss) for the period	-	-	-	-	-	-	-	98,481	98,481	(25,639)	72,842
Total recognised income and expense for the period	-	-	-	-	-	-	3,155	98,481	101,636	(22,651)	78,985
Sub-total	167,444	98,634	3,000	4,773	22,297	6,000	8,710	204,968	515,826	(22,651)	493,175
Issue of shares upon subscription	26,800	289,440	-	-	-	-	-	-	316,240	-	316,240
Issue of shares upon exercise of share options	9,520	4,404	-	-	-	-	-	-	13,924	-	13,924
Exercise of share options	-	3,342	-	(3,342)	-	-	-	-	-	-	-
Issue of shares upon conversion of convertible notes	54,432	28,568	-	-	-	-	-	-	83,000	-	83,000
Conversion and redemption of convertible notes	-	18,305	-	-	(22,297)	-	-	3,992	-	-	-
Expenses incurred in connection with issue of shares	-	(8,733)	-	-	-	-	-	-	(8,733)	-	(8,733)
Lapse of share options	-	-	-	(173)	-	-	-	173	-	-	-
Recognition of equity-settled share-based payments	-	-	-	2,690	-	-	-	-	2,690	-	2,690
Realisation of translation reserve upon disposal	-	-	-	-	-	-	(3,591)	-	(3,591)	-	(3,591)
Subscription from minority interests	-	-	-	-	-	-	-	-	-	99,372	99,372
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	(31,314)	(31,314)
At 30 September 2007	258,196	433,960	3,000	3,948	-	6,000	5,119	209,133	919,356	45,407	964,763
At 1 April 2006	166,244	97,713	3,000	2,961	22,297	6,000	1,696	57,603	357,514	-	357,514
Exchange differences on translation of foreign operations recognised directly in equity	-	-	-	-	-	-	2,543	-	2,543	-	2,543
Profit for the period	-	-	-	-	-	-	-	20,476	20,476	-	20,476
Total recognised income for the period	-	-	-	-	-	-	2,543	20,476	23,019	-	23,019
Recognition of equity-settled share-based payments	-	-	-	1,292	-	-	-	-	1,292	-	1,292
At 30 September 2006	166,244	97,713	3,000	4,253	22,297	6,000	4,239	78,079	381,825	-	381,825



# Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2007

	1.4.2007 to 30.9.2007 HK\$'000 (Unaudited)	1.4.2006 to 30.9.2006 HK\$'000 (Unaudited)
Net cash used in operating activities		
Increase in debtors, advances provided to customers, prepayments and deposits	(238,658)	(23,766)
Other operating activities	22,236	(20,858)
	<b>(216,422)</b>	<b>(44,624)</b>
Net cash from investing activities		
Proceeds from disposal of investment properties	514,818	–
Proceeds from disposal of interest in jointly controlled entities	124,849	–
Repayment of loan to associates	40,291	40,360
New loan to associate	(40,000)	–
Other investing activities	(9,669)	(1,710)
	<b>630,289</b>	<b>38,650</b>
Net cash generated from financing activities		
New loans raised	416,369	51,268
Proceeds from issue of shares	330,164	–
Subscription from minority interests	99,372	–
Repayment of bank loans	(438,683)	(41,287)
Repayment of loan to a related company	(46,900)	(21,000)
Redemption of convertible notes	(17,000)	–
Other financing activities	(9,365)	(7,887)
Expenses paid in connection with the issue of shares	(8,733)	–
Proceeds from loan from a related company	–	42,900
	<b>325,224</b>	<b>23,994</b>
Net increase in cash and cash equivalents	<b>739,091</b>	<b>18,020</b>
Cash and cash equivalents at beginning of the period	<b>46,392</b>	<b>26,292</b>
Effect of foreign currency rate changes	–	(728)
Cash and cash equivalents at end of the period, representing bank balances and cash	<b>785,483</b>	<b>43,584</b>





## 1. BASIS OF PREPARATION

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

The functional currency of the Company changed from Hong Kong dollars to Renminbi (“RMB”) during the period, because the operations in Hong Kong have been disposed of. The consolidated financial statements are presented in Hong Kong dollars while the functional currency of the Company is RMB. The reason for selecting Hong Kong dollars as its presentation currency is because the Company is a public company with the shares listed on the Stock Exchange, where most of its investors are located in Hong Kong.

## 2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of Goldbond Group Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred as the “Group”) for the year ended 31 March 2007. In addition, the following new accounting policy has been adopted:

Where the Group acquires an additional interest in a subsidiary, the excess of the cost of acquisition over the carrying amounts of net assets acquired is recognised as goodwill.

In the current interim period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standard (“HKFRS”), amendment of Hong Kong Accounting Standard (“HKAS”) and interpretations (“INTs”) (hereinafter collectively referred to as “new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 April 2007. The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing costs <sup>1</sup>
HKFRS 8	Operating segments <sup>1</sup>
HK(IFRIC)* – INT 12	Service concession arrangements <sup>2</sup>
HK(IFRIC) – INT 13	Customer loyalty programmes <sup>3</sup>
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interactions <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2008.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008.

\* IFRIC represents the International Financial Reporting Interpretations Committee.

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

## 3. SEGMENT INFORMATION

The Group's primary format for reporting segment information is business segments as follows:

- (a) Financial services: The provision of loan guarantee services and secured bridge finance services.
- (b) Property leasing and development: The leasing of shops/premises to generate rental income and gain from the appreciation in property values in the long term.

	Continuing operation		Discontinued operation		Consolidated	
	Financial services		Property leasing and development			
	1.4.2007 to 30.9.2007 HK\$'000	1.4.2006 to 30.9.2006 HK\$'000	1.4.2007 to 30.9.2007 HK\$'000	1.4.2006 to 30.9.2006 HK\$'000	1.4.2007 to 30.9.2007 HK\$'000	1.4.2006 to 30.9.2006 HK\$'000
Revenue from external customers	59,281	9,163	2,792	16,984	62,073	26,147
Change in fair value of investment properties	-	-	-	41,300	-	41,300
Segment results	67,129	(8,994)	25,757	49,946	92,886	40,952
Unallocated corporate expenses					(7,213)	(761)
Finance costs					(14,212)	(11,941)
Share of profits of associates	4,218	147	-	-	4,218	147
Share of (losses) profits of jointly controlled entities	-	-	(772)	101	(772)	101
Profit before taxation					74,907	28,498
Taxation					(2,065)	(8,022)
Profit for the period					72,842	20,476

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007



## 4. PROFIT (LOSS) BEFORE TAXATION

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

	Continuing operation		Discontinued operation		Consolidated	
	1.4.2007 to 30.9.2007 HK\$'000 (unaudited)	1.4.2006 to 30.9.2006 HK\$'000 (unaudited)	1.4.2007 to 30.9.2007 HK\$'000 (unaudited)	1.4.2006 to 30.9.2006 HK\$'000 (unaudited)	1.4.2007 to 30.9.2007 HK\$'000 (unaudited)	1.4.2006 to 30.9.2006 HK\$'000 (unaudited)
Interest on:						
Bank loans and other borrowings	10,466	3,593	685	4,284	11,151	7,877
Convertible notes	2,962	3,978	–	–	2,962	3,978
Redeemable convertible preference shares	99	86	–	–	99	86
	<b>13,527</b>	<b>7,657</b>	<b>685</b>	<b>4,284</b>	<b>14,212</b>	<b>11,941</b>
Depreciation	977	844	2	4	979	848
Gain on disposal of investment properties	–	–	(4,818)	–	(4,818)	–
Gain on disposal of jointly controlled entity	–	–	(19,635)	–	(19,635)	–
Gain on disposal of associates	(33,059)	–	–	–	(33,059)	–
Interest income	(11,492)	(553)	(223)	(531)	(11,715)	(1,084)
Operating lease charges in respect of properties	3,632	2,662	–	–	3,632	2,662
Staff costs	25,590	15,253	125	315	25,715	15,568

## 5. TAXATION

	Continuing operation		Discontinued operation		Consolidated	
	1.4.2007 to 30.9.2007 HK\$'000 (unaudited)	1.4.2006 to 30.9.2006 HK\$'000 (unaudited)	1.4.2007 to 30.9.2007 HK\$'000 (unaudited)	1.4.2006 to 30.9.2006 HK\$'000 (unaudited)	1.4.2007 to 30.9.2007 HK\$'000 (unaudited)	1.4.2006 to 30.9.2006 HK\$'000 (unaudited)
The charge comprises:						
Hong Kong Profits Tax	–	–	4,627	600	4,627	600
PRC Income Tax	1,965	194	–	–	1,965	194
	<b>1,965</b>	<b>194</b>	<b>4,627</b>	<b>600</b>	<b>6,592</b>	<b>794</b>
Deferred taxation	–	–	(4,527)	7,228	(4,527)	7,228
	<b>1,965</b>	<b>194</b>	<b>100</b>	<b>7,828</b>	<b>2,065</b>	<b>8,022</b>

Hong Kong Profits Tax has been calculated at 17.5% (17.5% for the six months ended 30 September 2006) of the estimated assessable profit for the period.

Taxation for subsidiaries in the People's Republic of China (the "PRC") is calculated at the appropriate current rates of taxation ruling in the PRC.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

## 5. TAXATION (Continued)

On 16 March 2007, PRC promulgated the Law of the PRC on Enterprise Income Tax (the “New Law”) by Order No. 63 of the President of the PRC, which will change the tax rate from 33% to 25% for certain subsidiaries from 1 January 2008. The directors of the Company anticipate that the application of the New Law will have no material impact on the results and the financial position of the Group.

The deferred taxation as at 31 March 2007 mainly related to temporary differences attributable to depreciation allowances in excess of related depreciation and revaluation of certain investment properties.

## 6. DISCONTINUED OPERATION

In February 2007, the Group entered into sale and purchase agreements with an independent third party to dispose of the investment properties (the “Transactions”). The Transactions were completed in May 2007. The details of the Transactions are disclosed in the circular dated 28 March 2007.

According to the sale and purchase agreements of the Transactions, upon the completion of the Transactions, Apex Honour Limited procured that Perfect Manor Limited (as licensee) (the “Licensee”), the Company (as guarantor) and the purchaser (as licensor) (the “Licensor”) to enter into the licence agreement (“Licence Agreement”), as annexed to the sale and purchase agreements, pursuant to which the Licensor will lease to and the Licensee will lease certain areas of the Upper Wall and the Lower Wall (the “Licensed Area”) from the Licensor at a monthly licence fee of HK\$108,333 for the first 12 months, payable in advance in one total sum of HK\$1,300,000 upon signing of this Licence Agreement, commencing from the date of signing of the Licence Agreement (the “First Year Term”) and at a monthly licence fee of HK\$119,166 for the next 12 months, payable in advance on the first day of each calendar month, following the First Year Term (the “Second Year Term”). Apex Honour Limited and Perfect Manor Limited are wholly owned subsidiaries of the Company.

Pursuant to the Licence Agreement, the Licensee will perform its duty under the Licence Agreement to install and maintain new signs and signage on the Licensed Area for advertising purpose in such format and structure to the satisfaction of the Purchaser and obtain all necessary approvals from relevant regulatory authorities (the “Installation”). Upon expiry of the First Year Term and in the event that the Installation has been completed, the Licence Agreement will terminate accordingly. During the Second Year Term, the Licensee will have the right to terminate the Licence Agreement by giving the Licensor a 60 days’ prior written notice at any time after the completion of the Installation.

In addition, (i) upon expiry of the Second Year Term if the Installation has not been completed or (ii) at anytime when the Licensee is in breach of the Licence Agreement and at the time of such breach, the Installation has not been completed, the Licensor shall have the right to require the Licensee to purchase the Upper Wall and the Lower Wall from the Licensor at a total consideration of HK\$15,000,000 (the “Put Option”). In the opinion of the directors, the Installation is expected to be completed within one year and exercise of the Put Option is remote.

Since the above condition has not been fulfilled up to 30 September 2007, the disposal of the exterior walls was not yet completed. The exterior wall was classified as assets classified as held for sale.

In March 2007, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire interest in a subsidiary, Sino Dynasty Investments Limited (the “Disposal”). Sino Dynasty Investments Limited maintains a 25% interest in both Nanjing City Plaza Construction Co., Ltd. and Ace Intelligent Consultants Limited. The Disposal was completed in June 2007. The details of the Disposal are disclosed in the circular dated 19 April 2007 issued by the Company.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007



## 6. DISCONTINUED OPERATION (Continued)

As a result of the above Transactions and Disposal, the property leasing and development business is classified as a discontinued operation.

The major classes of assets and liabilities comprising the property leasing and development business as at 30 September 2007 are as follows:

	<b>30.9.2007</b> <b>HK\$'000</b>	31.3.2007 HK\$'000
Assets classified as held for sale		
Investment properties	<b>15,000</b>	525,000
Interest in jointly controlled entities	–	96,971
Amount due from a jointly controlled entity	–	12,878
	<b>15,000</b>	634,849
Liabilities associated with assets classified as held for sale		
Bank borrowings	–	151,006
Other payables and accrued charges	–	8,747
Financial guarantee contracts	–	517
	–	160,270

The (loss) profit for the period from the discontinued operation is analysed as follows:

	<b>1.4.2007</b> <b>to</b> <b>30.9.2007</b> <b>HK\$'000</b>	1.4.2006 to 30.9.2006 HK\$'000
(Loss) profit of property leasing and development business for the period	<b>(155)</b>	43,056
Gain on disposal of property leasing and development business	<b>24,453</b>	–
	<b>24,298</b>	43,056





# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

## 6. DISCONTINUED OPERATION (Continued)

The results of the property leasing and development business are as follows:

	1.4.2007 to 30.9.2007 HK\$'000	1.4.2006 to 30.9.2006 HK\$'000
Turnover	2,792	16,984
Direct outgoings	(155)	(1,766)
Other income	395	625
Change in fair value of investment properties	–	41,300
Other operating expenses	(1,630)	(2,076)
Share of (losses) profits of jointly controlled entities	(772)	101
Finance costs	(685)	(4,284)
(Loss) profit before taxation	(55)	50,884
Taxation	(100)	(7,828)
(Loss) profit for the period	(155)	43,056

During the period, the property leasing and development business contributed HK\$1,402,000 (HK\$13,767,000 for the six months ended 30 September 2006) to the Group's net operating cash flows, and utilised HK\$685,000 (HK\$4,284,000 for the six months ended 30 September 2006) in respect of financing activities.

The net assets at the dates of Transactions and Disposal were as follows:

	HK\$'000
Net assets disposed of	
Investment properties	510,000
Interest in jointly controlled entities	96,199
Amount due from a jointly controlled entity	13,086
Liabilities arising from financial guarantee contracts	(480)
Realisation of translation reserve	(3,591)
Expenses incurred	662
	615,876
Gain on disposal	24,453
Total consideration satisfied by cash	640,329

## 7. DIVIDENDS

No dividends were paid during the period. The directors do not recommend the payment of an interim dividend.



## 8. EARNINGS (LOSS) PER SHARE

### From continuing and discontinued operations

The calculation of basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	1.4.2007 to 30.9.2007 HK\$'000	1.4.2006 to 30.9.2006 HK\$'000
<b>Earnings:</b>		
Earnings for the purpose of basic earnings per share (profit for the period attributable to equity holders of the parent)	<b>98,481</b>	20,476
Effect of dilutive potential ordinary shares: Interest on convertible notes	<b>2,962</b>	N/A
Earnings for the purpose of diluted earnings per share	<b>101,443</b>	N/A
<b>Number of shares:</b>	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>2,025,090</b>	1,662,440
Effect of dilutive potential ordinary shares: Share options	<b>80,459</b>	N/A
Convertible notes	<b>432,281</b>	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>2,537,830</b>	N/A

The diluted earnings per share for the six months ended 30 September 2006 was not presented as the potential ordinary shares from continuing operation were anti-dilutive during that period.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

## 8. EARNINGS (LOSS) PER SHARE (Continued)

### From continuing operation

The calculation of basic and diluted earnings (loss) per share from continuing operating attributable to the ordinary equity holders of the parent entity is based on the following data:

	1.4.2007 to 30.9.2007 HK\$'000	1.4.2006 to 30.9.2006 HK\$'000
Earnings:		
Profit for the period attributable to equity holders of the parent	98,481	20,476
Less: Profit for the period from discontinued operation	(24,298)	(43,056)
Earnings (loss) for the purpose of basic earnings per share from continuing operations	74,183	(22,580)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	2,962	N/A
Earnings for the purpose of diluted earnings per share from continuing operations	77,145	N/A

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

The diluted earnings per share for the six months ended 30 September 2006 was not presented as the potential ordinary shares were anti-dilutive during that period.

### From discontinued operation

Basic earnings per share and diluted earnings per share from discontinued operation are HK1.20 cents and HK0.96 cents respectively, based on the profit for the period from the discontinued operation of HK\$24,298,000 and denominators detailed above for both basic and diluted earnings per share.

The diluted earnings per share for the six months ended 30 September 2006 was not presented as the potential ordinary shares from continuing operation were anti-dilutive during that period.

## 9. ADDITIONS IN PLANT AND EQUIPMENT

During the period, the Group incurred HK\$1,560,000 (HK\$626,000 for the six months ended 30 September 2006) to acquire plant and equipment for its business use.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007



## 10. DEBTORS, ADVANCES PROVIDED TO CUSTOMERS, PREPAYMENTS AND DEPOSITS

	<b>30.9.2007</b>	31.3.2007
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	<b>(audited)</b>
Debtors and advances provided to customers	<b>37,595</b>	19,658
Loans receivable arising from the secured bridge finance business	<b>194,554</b>	72,432
Designated loans	<b>24,849</b>	–
Advances to employees	<b>14,311</b>	9,400
Other loan receivable	<b>33,287</b>	–
Consultancy fee receivable	<b>12,500</b>	–
Prepayments, deposits and other receivables	<b>36,383</b>	8,941
	<b>353,479</b>	110,431

Notes:

- (a) For the financial service business, the Group allows an average credit period of 30 days to a maximum of 180 days to its customers. For property leasing and development business, the Group allowed an average credit period of 30 days to its tenants.
- (b) The loans receivable arising from the secured bridge finance business are secured by assets placed by customers, interest bearing at 5.4% per annum and repayable according to the loan agreements which usually cover a period of one to six months. The loans receivable includes HK\$129,004,000 (31 March 2007: HK\$72,182,000) aged within three months, with the remaining balances of HK\$65,550,000 (31 March 2007: HK\$250,000) aged between four to six months.
- (c) The designated loans are secured by assets placed by the borrowers, interest bearing at rates ranging from 7.02% and 11.63% per annum and repayable according to the respective loan agreements which usually cover a period of four to five months.
- (d) Advances to employees are secured by the entire equity interest in a company owned by the employees. This company is incorporated and engaged in mining business in the PRC. The advances are interest bearing at 6% per annum and repayable within one year.
- (e) Other loan receivable represents a loan acquired from a PRC bank at a consideration of RMB31,956,000 (equivalent to approximately HK\$33,287,000). The other loan receivable is repayable within one year.

Included in debtors, advances provided to customers, prepayments and deposits are trade debtors and advances provided to customers with the following aging analysis as of the balance sheet date:

	<b>30.9.2007</b>	31.3.2007
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	<b>(audited)</b>
Outstanding balances aged:		
– within one month	<b>19,521</b>	15,195
– more than one month but less than three months	<b>16,302</b>	3,888
– more than three months	<b>1,772</b>	575
	<b>37,595</b>	19,658



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

## 11. SECURITY DEPOSITS

Security deposits are placed by the Group with banks to secure the Group's due performance in relation to the financial service business in the PRC.

## 12. BANK AND OTHER BORROWINGS

During the period, the Group obtained new bank and other borrowings amounting to HK\$416,369,000 and repaid HK\$438,683,000. The loans bear interest rates varying from 6.80% and 7.78% per annum. The proceeds were used to finance the operation of the financial service business.

## 13. CONVERTIBLE NOTES

On 5 August 2004, the Company issued convertible notes with a nominal value of HK\$70,000,000 to a related company which is under common control. The notes were interest free and matured on 5 August 2007. During the period, convertible notes with a nominal value of HK\$53,000,000 were converted by the then note holder into 311,764,705 ordinary shares at a conversion price of HK\$0.17 per ordinary share. The remaining balances were redeemed at the maturity date at the nominal value.

On 31 December 2004, the Company issued convertible notes with a nominal value of HK\$30,000,000 to a related company which has common directors. The notes were interest free and matured on 5 August 2007. During the period, all convertible notes were converted into 232,558,138 ordinary shares by the then notes holders at a conversion price of HK\$0.129 per ordinary share.

## 14. LIABILITIES ARISING FROM FINANCIAL GUARANTEE CONTRACTS

	30.9.2007 HK\$'000	31.3.2007 HK\$'000
For outsiders	3,632	2,413
For jointly controlled entities	–	517
	3,632	2,930
Less: Transfer to liabilities associated with non-current assets classified as held for sale	–	(517)
	3,632	2,413

As at 30 September 2007, the Group provided financial guarantees of RMB1,211,220,000 equivalent to approximately HK\$1,261,687,000 (31 March 2007: RMB822,726,000 equivalent to approximately HK\$822,726,000) to customers under the guarantee service business. Liabilities arising from the financial guarantee business represents the management's best estimate of the Group's liabilities based on prior experience and default history of the business.

In July 2004, the Group granted a guarantee of US\$3,750,000, equivalent to approximately HK\$29,250,000 in respect of banking facilities granted to a jointly controlled entity. With the completion of the Disposal during the period as detailed in Note 6, the Group's obligation as guarantor was released.

As disclosed in the 2007 annual financial statements, the Group entered into funding, allocation and distribution agreements in respect of a new bank loan of RMB148,977,000, equivalent to approximately HK\$148,977,000 borrowed by a jointly controlled entity in May 2005. With the completion of the Disposal during the period as detailed in Note 6, the Group's obligation under those agreements was released.





## 15. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 April 2007 and 30 September 2007	25,000,000	2,500,000
Issued and fully paid:		
At 1 April 2007	1,674,440	167,444
Issue of shares upon subscription	268,000	26,800
Issue of shares upon exercise of share options	95,200	9,520
Issue of shares upon conversion of convertible notes	544,323	54,432
At 30 September 2007	2,581,963	258,196

- (i) On 20 July 2007, arrangements were made for a private placement to professional and institutional investors of 268,000,000 ordinary shares of HK\$0.10 each at a price of HK\$1.18 per share by Goldbond Securities Limited, a connected company of the Company. The price of HK\$1.18 per share represents a discount of approximately 5.6% to the closing market price of the Company's shares of HK\$1.25 per share as quoted on the Stock Exchange on 18 July 2007, the last trading date prior to the placing. On the same date, the Company entered into a subscription agreement with Ace Solomon Investments Limited for the subscription of 268,000,000 new ordinary shares of HK\$0.10 each at a price of HK\$1.18 per share. The subscription price is equivalent to the placing price mentioned above. The net proceeds from the subscription were used for expansion of the secured bridge finance business in the PRC and for general working capital purposes of the Group. The new shares were issued on 2 August 2007 under the general mandate granted to the board of directors on 13 September 2006.
- (ii) During the period, 73,000,000, 3,200,000, 16,000,000 and 3,000,000 share options were exercised at a subscription price of HK\$0.148, HK\$0.132, HK\$0.136 and HK\$0.174 per share respectively, resulting in the issue of 95,200,000 ordinary shares of HK\$0.10 each in the Company.
- (iii) During the period, convertible notes with nominal values of HK\$53,000,000 and HK\$30,000,000 were converted into 311,764,705 ordinary shares at a conversion price of HK\$0.170 per ordinary share and 232,558,138 ordinary shares at a conversion price of HK\$0.129 per ordinary share respectively.

All the shares issued during the period rank pari passu with the then existing shares in all respects.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

## 16. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

At 30 September 2007, 68,400,000 (31 March 2007: 68,400,000) preference shares were in issue. The preference shares carry no right to dividend distributions to the holders. The conversion rights attached to the preference shares lapsed with no conversion by 17 September 2004.

Pursuant to the terms and conditions of the preference shares, the preference shares are redeemable by the holders of the preference shares at any time subsequent to 50 years after the date of issue at a redemption value of HK\$10 per preference share.

The preference shares were split into liability and equity components of HK\$811,000 and HK\$6,029,000 respectively upon initial recognition by recognising the liability component at its fair value and attributing to the equity component the residual amount. The liability component is carried at amortised cost and the equity component has been included in retained profits since the conversion rights lapsed in prior years.

## 17. SHARE OPTIONS

The Company has a 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:

	<b>Number of share options</b>
Outstanding at 1 April 2007	186,800,000
Granted during the period	97,000,000
Exercised during the period	(95,200,000)
Lapsed during the period	(9,000,000)
Outstanding at 30 September 2007	179,600,000

The closing price of the Company's shares immediately before 17 August 2007, the date of the grant, was HK\$0.99. The exercise price is HK\$1.014. The estimated fair value of the share options granted on that date was HK\$35,549,000.

The following assumptions were used to calculate the fair value of share options:

Grant date share price per share	HK\$0.820
Exercise price per share	HK\$1.014
Option life	10 years
Possibility of early exercise of options for directors by 3 years	74.42%
Possibility of early exercise of options for staff by 3 years	75.93%
Possibility of early exercise of options for directors by 5 years	25.58%
Possibility of early exercise of options for staff by 5 years	24.07%
Expected volatility	68.120% to 70.442%
Risk-free interest rate	4.041% to 4.236%



## 17. SHARE OPTIONS (Continued)

The Binominal option pricing model has been used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of share option varies with different variables of certain subjective assumptions.

During the period, the Group recognised the total expense of HK\$2,690,000 (HK\$1,292,000 for the six months ended 30 September 2006) in relation to share options granted by the Company.

## 18. SUBSCRIPTION OF SHARES OF A SUBSIDIARY

During the period, Perfect Honour Limited ("Perfect Honour"), a wholly owned subsidiary of the Company and other shareholders of Rongzhong Group Limited ("Rongzhong") which was a then 51% subsidiary of the Company, entered into a subscription agreement pursuant to which all shareholders conditionally agreed to subscribe for a total of 25,999,900 shares in Rongzhong on a pro rata basis at the total subscription consideration of approximately HK\$202,799,000. The subscription of shares was completed in April 2007 and did not result in any changes in the shareholding structure of Rongzhong.

As a result of the additional investments by the minority shareholders of Rongzhong, losses of HK\$34,093,000 previously allocated against the interests of the Group were reallocated to the minority interests.

## 19. ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

On 15 August 2007, Perfect Honour entered into a sale and purchase agreement with Yong Hua International Limited to acquire an additional 20% issued share capital of Rongzhong at the consideration of HK\$135,000,000. The consideration is to be satisfied by the issue of a zero coupon convertible note in the principal amount of HK\$135,000,000 by the Company ("New Convertible Note"). The New Convertible Note will mature in 2010. It may be converted into ordinary shares of the Company by phases at a conversion price of HK\$1.08 per share, subject to adjustment upon the occurrence of certain events. The acquisition became unconditional on 28 September 2007 under the terms of the sale and purchase agreement and a goodwill of HK\$103,686,000 was recognised. The New Convertible Note was issued on 2 October 2007.

## 20. DISPOSAL OF INTEREST IN ASSOCIATES

On 3 July 2007, Flourish Global Limited ("Flourish Global"), a wholly owned subsidiary of the Company, entered into a conditional equity purchase agreement with independent third parties to dispose of Flourish Global's entire 20% interest in Goldbond Capital Holdings Limited at a consideration of US\$10,240,000, equivalent to approximately HK\$79,874,000. Consideration receivable of US\$7,730,000, equivalent to approximately HK\$60,295,000 was due on completion date and has been received subsequent to 30 September 2007. The remaining balance will be fully settled by October 2009 in accordance with the escrow agreement signed between Flourish Global and the sellers. The details of the escrow agreement are disclosed in the circular dated 27 July 2007 issued by the Company. This transaction was approved by the Company's shareholders on 13 August 2007 and a gain on disposal of interest in associates amounting to HK\$33,059,000 was recognised during the period.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

## 21. CAPITAL COMMITMENTS

At the balance sheet date, the Group had the following capital commitments:

	30.9.2007 HK\$'000 (unaudited)	31.3.2007 HK\$'000 (audited)
<b>THE GROUP</b>		
Contracted for but not provided in the consolidated financial statements		
– acquisition of plant and equipment	897	243
– acquisition of a subsidiary in the PRC	200	500
	<b>1,097</b>	743
<b>THE GROUP'S SHARE OF CAPITAL COMMITMENTS OF A JOINTLY CONTROLLED ENTITY</b>		
Contracted for but not provided in the consolidated financial statements		
– construction of properties under development	–	114,710
	<b>1,097</b>	115,453

## 22. OPERATING LEASE COMMITMENTS

At 30 September 2007, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

### As lessee

The Group and the jointly controlled entities are the lessees of a number of properties held under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease upon expiry when all terms are re-negotiated.

	<b>THE GROUP</b>	
	30.9.2007 HK\$'000 (unaudited)	31.3.2007 HK\$'000 (audited)
Within one year	7,276	4,392
After one year but within five years	9,265	6,177
Over five years	186	–
	<b>16,727</b>	10,569



## 22. OPERATING LEASE COMMITMENTS (Continued)

### As lessee (Continued)

	The Group's share of operating lease commitments of the jointly controlled entities	
	30.9.2007 HK\$'000 (unaudited)	31.3.2007 HK\$'000 (audited)
Within one year	–	35

### As lessor

The Group leased out investment properties under operating lease arrangements, with leases negotiated for an average period of one to three years. The terms of the leases normally required the tenants to place rental deposits which generally represented one to three month's rental payment. Upon expiry, the leases could be renewed but all terms would be re-negotiated.

At 31 March 2007, the Group's total future minimum lease payments under non-cancellable operating lease receivable were as follows:

	HK\$'000 (audited)
Within one year	21,874
After one year but within five years	10,716
	32,590

During the period, the leases signed with tenants by the Group with commitment totalling HK\$30,035,000 were transferred to the purchaser of the Transactions (see Note 6).

## 23. CONTINGENT LIABILITIES

At the balance sheet date, there were contingent liabilities in respect of the following:

- (i) The Group has contingent liabilities of RMB1,211,220,000, equivalent to approximately HK\$1,261,687,000 (31 March 2007: RMB822,726,000, equivalent to approximately HK\$822,726,000) in relation to the provision of the guarantee services in the PRC.
- (ii) The Group granted a guarantee of US\$3,750,000, equivalent to approximately HK\$29,250,000 as at 31 March 2007 in respect of banking facilities granted to a jointly controlled entity. The full amount was utilised as at 31 March 2007. The Group also pledged its attributable equity interests in the jointly controlled entity for such banking facilities. With the completion of the Disposal during the period as detailed in Note 6, the Group's obligation as guarantor was released.
- (iii) The Group entered into funding, allocation and distribution agreements in respect of a bank loan of RMB148,977,000, equivalent to approximately HK\$148,977,000 as at 31 March 2007, borrowed by a jointly controlled entity. With the completion of the Disposal during the period as detailed in Note 6, the Group's obligation under those agreements was released.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

## 24. RELATED PARTY TRANSACTIONS

Save as disclosed in the interim financial report, the Group had the following transactions with related parties during the period.

### (a) Key management personnel remuneration

	1.4.2007 to 30.9.2007 HK\$'000 (unaudited)	1.4.2006 to 30.9.2006 HK\$'000 (unaudited)
Directors' fees	120	120
Salaries and other short-term employee benefits	4,104	2,933
Contributions to defined contribution retirement plans	34	28
Equity compensation benefits	2,006	611
	<b>6,264</b>	<b>3,692</b>

### (b) Transactions with related parties

	1.4.2007 to 30.9.2007 HK\$'000 (unaudited)	1.4.2006 to 30.9.2006 HK\$'000 (unaudited)
Legal and professional fees paid to a related company	16	157
Rental expense paid to a related company	930	518
Rental expense paid to a director	312	–
Interest income received from jointly controlled entities	208	502
Interest expense paid to a related company	251	1,678
Interest income received from an associate	283	–

## 25. POST BALANCE SHEET EVENT

On 6 September 2007, Famous Apex Limited, a wholly owned subsidiary of the Company, entered into loan agreements to provide financing of RMB100,000,000 and RMB15,000,000 to 珠海市保利三好有限公司 and Worldpro International Investment Limited respectively for financing the development of properties in the PRC. The advancements ("Advancements") were approved at the Extraordinary General Meeting of the Company held on 22 October 2007. The details of the Advancements are disclosed in the circular dated 27 September 2007.



## AUDIT COMMITTEE

The Audit Committee has been established by the Company to review and supervise the financial reporting process and internal control procedures of the Group. It comprises all Independent Non-executive Directors of the Company. The Audit Committee has reviewed the interim results for the six months ended 30 September 2007 (the "Period") and the 2007/08 interim report.

## INDEPENDENT REVIEW

The interim results for the Period are unaudited, but have been reviewed 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, by the Company's auditors, whose independent review report has been included in page 7 of this report.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

At 30 September 2007, the interests in Shares and/or underlying Shares of the Company of every person (other than the Directors and Chief Executive) as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") were as follows:

### Interests in ordinary shares of HK\$0.1 each (the "Shares")/underlying Shares of the Company

Name	Capacity	Number of Shares	Number of underlying Shares of share options of the Company	Approximate percentage of issued share capital of the Company
Allied Luck Trading Limited ("Allied Luck")	Beneficial owner	497,232,000 (Note 1)	–	19.26%
Mrs. Wong Fang Pik Chun ("Mrs. Wong")	Interest in controlled corporation	497,232,000 (Note 1)	–	19.26%
	Interest of spouse	–	41,000,000 (Note 2)	1.59%
Mrs. Kee Yip Yue Lin, Loolina ("Mrs. Kee")	Interest of spouse	520,686,792 (Note 3)	–	20.17%
Ace Solomon Investments Limited ("Ace Solomon")	Beneficial owner	338,888,343 (Note 4)	–	13.13%
Goldbond Capital Investment Holdings Limited ("GCIHL")	Beneficial owner	169,798,449 (Note 5)	–	6.58%
Legend (Asia Pacific) Investment Limited	Interest in controlled corporation	169,798,449 (Note 5)	–	6.58%
Grace Honour Limited	Interest in controlled corporation	169,798,449 (Note 5)	–	6.58%





### INTERESTS OF SUBSTANTIAL SHAREHOLDERS (Continued)

*Notes:*

1. These Shares were held by Allied Luck which in turn owned as to 50% by Mr. Wong Yu Lung, Charles ("Mr. Wong") and as to 50% by Mrs. Wong, the spouse of Mr. Wong. As such, each of Mr. and Mrs. Wong was respectively taken to have an interest in such Shares by virtue of their respective shareholding interests in Allied Luck.
2. As disclosed in Notes 2 and 3 on page 32 of this report, Mr. Wong was granted a total of 41,000,000 options under the Share Option Scheme to subscribe for 41,000,000 Shares. As such, Mrs. Wong was taken to have such interest in the underlying Shares under the provisions of the SFO.
3. Out of these Shares, 338,888,343 Shares were owned by Ace Solomon (Note 4 below), 169,798,449 Shares were held by GCIHL (Note 5 below) and 12,000,000 Shares were held by Mr. Kee Wah Sze ("Mr. Kee"). As such, Mrs. Kee was taken to have an interest in these Shares under the provisions of the SFO.
4. These Shares were held by Ace Solomon which was owned as to 89% by Mr. Kee and as to 11% by Mr. Wong respectively.
5. These Shares were held by GCIHL and it was wholly owned by Legend (Asia Pacific) Investment Limited, which in turn, was owned as to 90% by Grace Honour Limited (which was wholly owned by Mr. Kee) and as to 10% by Central Executive Limited (which was wholly owned by Mr. Wong). As such, each of GCIHL, Legend (Asia Pacific) Investment Limited, Grace Honour Limited was respectively taken to have an interest in the underlying Shares.

All the interests stated above represent long positions.

Save for those disclosed above, at 30 September 2007, the Company had not been notified of any persons who had interests or short position in Shares and underlying Shares of the Company, which are required to be recorded in the register required to be kept under Section 336 of the SFO.



### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

At 30 September 2007, the Directors and chief executive of the Company ("Chief Executive") and their respective associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO):

Name of Director	Capacity	Number of Shares	Number of underlying Shares of share options of the Company	Approximate percentage of issued share capital of the Company
Mr. Wang Jun ("Mr. Wang")	Interest in controlled corporation	101,251,300 (Note 1)	–	3.92%
	Beneficial owner	–	25,000,000 (Note 2)	0.97%
Mr. Wong	Interest in controlled corporation	497,232,000 (Note 1 on page 30)	–	19.26%
	Beneficial owner	–	41,000,000 (Notes 2 and 3)	1.59%
Mr. Kee	Interest in controlled corporation	338,888,343 (Note 4 on page 30)	–	13.13%
	Interest in controlled corporation	169,798,449 (Note 5 on page 30)	–	6.58%
	Beneficial owner	12,000,000	–	0.46%
Mr. Ding Chung Keung, Vincent ("Mr. Ding")	Beneficial owner	38,000,000	–	1.47%
	Beneficial owner	–	33,000,000 (Notes 2 and 4)	1.28%
Mr. Lan Ning ("Mr. Lan")	Interest in controlled corporation	32,450,000	–	1.26%
	Beneficial owner	4,600,000	–	0.18%
Mr. Xie Xiao Qing ("Mr. Xie")	Beneficial owner	–	16,000,000 (Note 5)	0.61%
Miss Wong, Michelle Yatye ("Miss Wong")	Beneficial owner	–	16,000,000 (Note 5)	0.61%
Mr. Ip Yin Wah ("Mr. Ip") (Note 6)	Beneficial owner	1,600,000	–	0.06%
	Interest of spouse	50,000	–	0.002%
Mr. Ma Ho Fai SBS JP ("Mr. Ma")	Beneficial owner	1,200,000	–	0.05%
Mr. Melvin Jitsumi Shiraki ("Mr. Shiraki")	Beneficial owner	2,100,000	–	0.08%
	Beneficial owner	–	1,600,000 (Note 7)	0.06%



## Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS (Continued)

#### Interests in ordinary shares of the associated corporation

Name of Director	Capacity	Name of associated corporation	Number of shares	Approximate percentage
Mr. Kee	Interest in controlled corporation	Goldbond Capital	75,000,000	50%
		Holdings Limited (Note 8)	75,000,000(S)	50%
Mr. Xie	Interest in controlled corporation	Rongzhong Group Limited	10,142,600 5,200,000(S)	39.01% 20%

#### Notes:

- These Shares were held by Canasia Profits Corporation (which was wholly-owned by Mr. Wang).
- On 17 August 2007, each of Mr. Wang, Mr. Wong and Mr. Ding was granted 25,000,000 options under the share option scheme of the Company (the "Share Option Scheme") to subscribe for 25,000,000 Shares, exercisable at a price of HK\$1.014 per Share during the period from 17 August 2010 to 16 August 2017.
- On 8 November 2004, Mr. Wong was granted 16,000,000 options under the Share Option Scheme to subscribe for 16,000,000 Shares, exercisable at a price of HK\$0.148 per Share during the period from 1 January 2007 to 7 November 2014.
- On 7 July 2006, Mr. Ding was granted 8,000,000 options under the Share Option Scheme to subscribe for 8,000,000 Shares, exercisable at a price of HK\$0.210 per Share during the period from 1 January 2010 to 6 July 2016.
- On 29 March 2007, each of Mr. Xie and Miss Wong was granted 16,000,000 options under the Share Option Scheme to subscribe for 16,000,000 Shares, exercisable at a price of HK\$0.256 per Share during the period from 29 March 2010 to 28 March 2017.
- Mr. Ip resigned as Director on 1 November 2007.
- On 29 July 2005, Mr. Shiraki was granted 1,600,000 options under the Share Option Scheme to subscribe for 1,600,000 Shares, exercisable at a price of HK\$0.132 per Share during the period from 1 January 2007 to 28 July 2015.
- Goldbond Capital Holdings Limited ceased to be an associated corporation of the Company since October 2007.

Except for the interests marked "(S)" representing short position in such interests, all the interests stated above represent long positions.

Save for those disclosed above, at 30 September 2007, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any Director or the Chief Executive or any its associated corporations which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or pursuant to the Model Code contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. Nor any of the Directors and the Chief Executive (including their spouses and children under the age of 18) had, at 30 September 2007, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its associated corporations within the meaning of the SFO, or had exercised any such rights.



## SHARE OPTION SCHEME

The Share Option Scheme was adopted on 18 September 2002 with amendments made on 29 August 2003 to give clarity to it. The key terms of the Share Option Scheme had been summarised in our 2006/07 Annual Report despatched in July this year.

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

Grantee	Date of grant	Exercise price (HK\$)	Exercisable period (Note 1)	Number of share options				Outstanding at 30/9/07
				Outstanding at 31/3/07	Granted during the Period	Exercised during the Period (Note 3)	Lapsed during the Period	
<b>Directors</b>								
Mr. Wang	17/8/2007	1.014 (Note 2)	17/8/2010 – 16/8/2017	–	25,000,000	–	–	25,000,000
Mr. Wong	8/11/2004	0.148	1/1/2007 – 7/11/2014	16,000,000	–	–	–	16,000,000
	17/8/2007	1.014 (Note 2)	17/8/2010 – 16/8/2017	–	25,000,000	–	–	25,000,000
Mr. Ding	8/11/2004	0.148	1/1/2007 – 7/11/2014	16,000,000	–	(16,000,000)	–	–
	7/7/2006	0.210	1/1/2010 – 6/7/2016	8,000,000	–	–	–	8,000,000
	17/8/2007	1.014 (Note 2)	17/8/2010 – 16/8/2017	–	25,000,000	–	–	25,000,000
Mr. Kee	8/11/2004	0.148	1/1/2007 – 7/11/2014	16,000,000	–	(16,000,000)	–	–
Mr. Lan	8/11/2004	0.148	1/1/2007 – 7/11/2014	16,000,000	–	(16,000,000)	–	–
Mr. Ip (Note 6 on page 32)	29/7/2005	0.132	1/1/2007 – 28/7/2015	1,600,000	–	(1,600,000)	–	–
Mr. Ma	29/7/2005	0.132	1/1/2007 – 28/7/2015	1,600,000	–	(1,600,000)	–	–
Mr. Shiraki	29/7/2005	0.132	1/1/2007 – 28/7/2015	1,600,000	–	–	–	1,600,000
Mr. Xie	29/3/2007	0.256	29/3/2010 – 28/3/2017	16,000,000	–	–	–	16,000,000
Miss Wong	29/3/2007	0.256	29/3/2010 – 28/3/2017	16,000,000	–	–	–	16,000,000
<b>Eligible employees</b> (in aggregate)	8/11/2004	0.148	1/1/2007 – 7/11/2014	35,000,000	–	(25,000,000)	–	10,000,000
	30/5/2005	0.136	1/1/2007 – 29/5/2015	16,000,000	–	(16,000,000)	–	–
	7/7/2006	0.210	1/1/2010 – 6/7/2016	24,000,000	–	–	(9,000,000)	15,000,000
	6/2/2007	0.174	1/6/2007 – 5/2/2017	3,000,000	–	(3,000,000)	–	–
	17/8/2007	1.014 (Note 2)	17/8/2010 – 16/8/2017	–	22,000,000	–	–	22,000,000
				186,800,000	97,000,000	(95,200,000)	(9,000,000)	179,600,000

No option granted under the Scheme was cancelled during the Period.



### SHARE OPTION SCHEME (Continued)

*Notes:*

1. The vesting period of the share options is from the date of grant until the commencement of the exercisable period;
2. The closing price immediately before the date of grant was HK\$0.99; and
3. The weighted average closing price of the Shares immediately before the dates on which the options were exercised in the Period was HK\$0.745 (31 March 2007: HK\$0.238).

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiary has purchased, sold or redeemed any of the Company's listed securities during the Period.

### SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of the Directors of the Company, all the Directors confirmed that they have complied with the required standard of dealings and code of conduct regarding securities transactions by directors set out in the Model Code during the Period.

### CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the Period, the Company has applied the principles and complied with the applicable code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.