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

(Incorporated in Hong Kong with limited liability)

(Stock code: 172)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

The board of directors (the "Board") of Goldbond Group Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2011 (the "Period") together with comparative figures. The results have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu, and by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

	Notes	**1 April 2011 to 30 September 2011**	1 April 2010 to 30 September 2010
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	*3*	**37,535**	19,956
Other income		**2,009**	1,070
Staff costs		**(9,635)**	(12,024)
Other operating expenses		**(28,526)**	(21,519)
Direct finance costs		**(21,819)**	(7,247)
Other finance costs		**(174)**	(151)
Loss before taxation	*4*	**(20,610)**	(19,915)
Taxation	*5*	**(3,336)**	(1,995)
Loss for the period from continuing operations		**(23,946)**	(21,910)

	Notes	1 April 2011 to 30 September 2011 HK$'000 (Unaudited)	1 April 2010 to 30 September 2010 HK$'000 (Unaudited)
Discontinued operations			
Profit for the period from discontinued operations	*6*	**65,378**	67,845
Profit for the period		**41,432**	45,935
Other comprehensive income			
Exchange differences arising on translation		**54,916**	30,251
Total comprehensive income for the period		**96,348**	76,186
Profit for the period attributable to:			
Owners of the Company		**27,509**	33,973
Non-controlling interests		**13,923**	11,962
		41,432	45,935
Total comprehensive income for the period attributable to:			
Owners of the Company		**76,442**	62,003
Non-controlling interests		**19,906**	14,183
		96,348	76,186
Earnings (loss) per share	*8*		
From continuing and discontinued operations			
– Basic and diluted		**1.00 cents**	1.24 cents
From continuing operations			
– Basic and diluted		**(0.69) cents**	(0.51) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

	Notes	**30 September 2011**	31 March 2011
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Non-current assets			
Equipment		**1,577**	6,751
Interest in an associate		**–**	59,295
Goodwill		**–**	103,686
Intangible assets		**–**	1,315
Finance leases receivable	*9*	**538,345**	309,786
Club debentures		**18,179**	17,529
		558,101	498,362
Current assets			
Properties held for sale		**–**	9,536
Amount due from an associate		**–**	12,417
Loans receivable		**60,782**	62,146
Accounts receivable and advances provided to customers	*10*	**2,128**	1,163,463
Finance leases receivable	*9*	**316,700**	174,390
Prepayments and deposits		**6,790**	8,950
Security deposits		**9,590**	200,947
Short term bank deposits			
– with original maturity within three months		**228,134**	164,799
– with original maturity more than three months		**–**	122,050
Bank balances and cash		**74,965**	156,386
		699,089	2,075,084
Assets classified as held for sale	*6*	**1,829,934**	–
		2,529,023	2,075,084
Current liabilities			
Other payables and accrued charges		**79,016**	128,278
Deposits from loan guarantee customers		**–**	193,440
Deposits from finance lease customers	*9*	**18,705**	1,666
Deferred income		**3,308**	35,146
Taxation		**2,396**	42,946
Bank borrowings – amount due within one year		**293,571**	248,016
Liabilities arising from loan guarantee contracts	*11*	**–**	8,797
		396,996	658,289

	Notes	30 September 2011 HK$'000 (Unaudited)	31 March 2011 HK$'000 (Audited)
Liabilities associated with assets classified as held for sale	6	**508,924**	–
		905,920	658,289
Net current assets		**1,623,103**	1,416,795
Total assets less current liabilities		**2,181,204**	1,915,157
Capital and reserves			
Share capital		**276,056**	276,056
Reserves		**1,209,196**	1,184,415
Equity attributable to owners of the Company		**1,485,252**	1,460,471
Non-controlling interests		**172,769**	154,054
Total equity		**1,658,021**	1,614,525
Non-current liabilities			
Deposits from finance lease customers	9	**69,400**	17,881
Deferred income		**12,543**	12,842
Bank borrowings – amount due after one year		**438,666**	254,625
Redeemable convertible preference shares		**2,574**	2,400
Deferred taxation		**–**	12,884
		523,183	300,632
		2,181,204	1,915,157

Notes:

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 Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

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

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 the Group for the year ended 31 March 2011.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards and interpretations ("new and revised HKFRSs") issued by the HKICPA.

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

The Group has not early applied new or revised standards and amendments that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 March 2011 were authorized for issuance and are not yet effective:

HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[2]
HKAS 19 (as revised in 2011)	Employment benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 July 2012.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HKFRS 10 includes a new definition of control that contains three elements: (1) power over an investee, (2) exposure, or rights, to variable returns from its involvement with the investee, and (3) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall the application of HKFRS 10 requires a lot of judgment.

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

3. SEGMENT INFORMATION

The Group's reportable segments, based on information reported to the chief executive officer, being the chief operating decision maker, for the purpose of resources allocation and performance assessment are as follows:

(a) Provision of financial leasing service; and

(b) Provision of financing service comprising project financing and consultancy service.

Operations regarding financing (previously part of the financing service segment) and provision of loan guarantee service (previously a separate reportable segment) have been discontinued during the current period, and are described in more detail in Note 6. The segment information reported below does not include any amounts for these discontinued operations.

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

Six months ended 30 September 2011

Continuing operations

	Financial leasing service	**Financing service**	**Total**
	HK$'000 ***(Note)***	***HK$'000***	***HK$'000***
Revenue from external customers	**37,535**	**–**	**37,535**
Segment results	**12,974**	**–**	**12,974**
Investment income			**1,874**
Unallocated corporate income and expenses:			
– other administrative income and expenses			**(11,715)**
– net exchange loss			**(23,569)**
Other finance costs			**(174)**
Loss before taxation (continuing operations)			**(20,610)**

Six months ended 30 September 2010

Continuing operations

	Financial leasing service	Financing service	Total
	HK$'000 *(Note)*	*HK$'000*	*HK$'000*
Revenue from external customers	13,871	6,085	19,956
Segment results	5,809	6,020	11,829
Investment income			1,059
Unallocated corporate income and expenses:			
– other administrative income and expenses			(15,694)
– net exchange loss			(16,958)
Other finance costs			(151)
Loss before taxation (continuing operations)			(19,915)

Revenue from external customers reported above represents income generated from customers in China.

Segment results represent the profit earned by each segment without allocation of central administration costs, investment income and other finance costs. This is the measure reported to the Group's chief executive officer for the purpose of resource allocation and assessment of segment performance.

Note: Included in segment results are direct finance costs of HK$21,819,000 (HK$7,247,000 for the six months ended 30 September 2010) attributable to the financial leasing service business.

An analysis of the Group's assets by reportable segments is as follow:

As at 30 September 2011

	Financial leasing service	**Financing service**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Assets relating to continuing operations			
Segment assets	**873,184**	**60,782**	**933,966**
Assets relating to discontinued operations			**1,829,934**
Unallocated assets			**323,224**
Total assets			**3,087,124**

As at 31 March 2011

	Financial leasing service	Financing service	Total
	HK$'000	*HK$'000*	*HK$'000*
Assets relating to continuing operations			
Segment assets	497,110	62,146	559,256
Assets relating to discontinued operations			1,697,452
Unallocated assets			316,738
Total assets			2,573,446

For the purposes of monitoring segment performance and allocating resources between segments, the chief executive officer monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments other than interest in an associate, properties held for sale, club debentures, bank balances and cash, short term bank deposits, and certain corporate assets for central administrative uses.

4. PROFIT BEFORE TAXATION

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

Continuing operations

	1 April 2011 to 30 September 2011	1 April 2010 to 30 September 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expense on:		
Bank and other borrowings	**21,819**	7,247
Redeemable convertible preference shares	**174**	151
	21,993	7,398
Depreciation of equipment	**442**	545
Interest income	**(1,874)**	(1,059)
Operating lease charges in respect of properties	**1,296**	1,200
Foreign exchange loss, net	**23,569**	16,958

5. TAXATION

Continuing operations

	1 April 2011 to 30 September 2011	1 April 2010 to 30 September 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The current tax charge comprises:		
Enterprise Income Tax in China	**3,336**	1,995

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

Deferred taxation has not been recognised in respect of the temporary differences attributable to the accumulated profits of the subsidiaries in China since 1 January 2008 totalling HK$505,790,000 (31 March 2011: HK$421,054,000) of which HK$28,360,000 (31 March 2011: HK$17,454,000) relates to continuing operations and HK$477,430,000 (31 March 2011: HK$403,600,000) relates to discontinued operations since the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

6. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE/DISCONTINUED OPERATIONS

On 24 August 2011, a sale and purchase agreement and two subscription agreements were entered into between, among others, Perfect Honour Limited ("Perfect Honour"), a wholly owned subsidiary, an independent third party investor (the "Investor"), Rongzhong Group Limited ("Rongzhong") and Rongzhong Capital Holdings Limited ("Rongzhong Capital"), both of which are non-wholly owned subsidiaries, involving the introduction of the Investor (the "Introduction") to invest in Rongzhong and Rongzhong Capital for the purpose of providing additional working capital to both Rongzhong and Rongzhong Capital for further business operation development. The total investment amount payable by the Investor pursuant to the Introduction is approximately US$154.8 million (equivalent to approximately HK$1,207.4 million) and the details of the Introduction are disclosed in the circular dated 23 September 2011 issued by the Company. The Introduction was subsequently completed on 26 October 2011 (the "Completion Date").

To facilitate the Introduction, the Group effected the pre-completion reorganisation which included, amongst others, the acquisition of Rongzhong Capital from Rongzhong by Perfect Honour and the non-controlling interests in proportion to their respective shareholding interests in Rongzhong prior to the Completion Date.

After the Completion Date:

- Rongzhong and its subsidiaries (collectively the "Disposal Group") would become 40% owned by the Group. Its financial results and position would be deconsolidated from, and then be accounted for by equity method in, the consolidated financial statements of the Group.

- Rongzhong Capital and its subsidiaries would become 50.055% owned by the Group and continue to be consolidated in the consolidated financial statements of the Group.

Since the requirements and conditions specified in HKFRS 5 were met on 24 August 2011, the assets and liabilities attributable to the Disposal Group are presented separately in the consolidated statement of financial position for the current period. The operations regarding financing and provision of loan guarantee service carried out by the Disposal Group have been treated as discontinued operations. The comparative figures relating to discontinued operations have also been re-presented.

The major classes of assets and liabilities of the Disposal Group as at 30 September 2011 are as follows:

	30 September 2011
	HK$'000
	(Unaudited)
Equipment	**6,728**
Interest in an associate	**73,174**
Goodwill	**103,686**
Intangible assets	**1,130**
Properties held for sale	**9,889**
Amount due from an associate	**14,148**
Accounts receivable and advances provided to customers *(Note 10)*	**1,353,906**
Prepayments and deposits	**14,490**
Security deposits	**214,728**
Bank balances and cash	**38,055**
Assets classified as held for sale	**1,829,934**
Other payables and accrued charges	**82,760**
Deposits from loan guarantee customers	**196,397**
Deferred income	**34,778**
Taxation	**47,493**
Bank borrowings – amount due within one year	**123,457**
Liabilities arising from loan guarantee contracts *(Note 11)*	**8,000**
Deferred taxation	**16,039**
Liabilities associated with assets classified as held for sale	**508,924**
	1,321,010

An amount of HK$94,596,000 relating to the disposal group classified as held for sale has been recognised in other comprehensive income and accumulated in equity.

Profit for the period from discontinued operations

	1 April 2011 to 30 September 2011	1 April 2010 to 30 September 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue	**128,685**	123,517
Other income	**3,434**	1,365
Staff costs	**(15,536)**	(14,340)
Other operating expenses	**(22,473)**	(15,932)
Direct finance costs	**–**	(533)
Other finance costs	**(4,727)**	(3,744)
Share of loss of associates	**(639)**	(581)
Profit before taxation	**88,744**	89,752
Taxation	**(23,366)**	(21,907)
Profit for the period from discontinued operations	**65,378**	67,845
Profit for the period from discontinued operations attributable to:		
Owners of the Company	**46,523**	48,088
Non-controlling interests	**18,855**	19,757
	65,378	67,845
Profit for the period from discontinued operations included the following:		
Interest on bank borrowings	**4,727**	4,277
Allowance for bad and doubtful debts	**15,619**	5,772
Amortisation of intangible assets	**225**	218
Depreciation of equipment	**1,510**	1,438
Gain on disposal of equipment	**(2,283)**	(35)
Interest income	**(1,127)**	(950)
Operating lease charges in respect of properties	**4,671**	4,458

Cash flows from discontinued operations

	1 April 2011 to 30 September 2011	1 April 2010 to 30 September 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(157,065)**	(8,826)
Net cash used in investing activities	**(11,215)**	(1,186)
Net cash from (used in) financing activities	**59,426**	(49,318)
Net cash outflows	**(108,854)**	(59,330)

7. DIVIDENDS

	1 April 2011 to 30 September 2011	1 April 2010 to 30 September 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividends recognised as distribution and paid during the period:		
Final dividends of HK2 cents per share in respect of the year ended 31 March 2011 (31 March 2010: HK2 cents per share)	**55,211**	54,891

The directors do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2011 (Nil for the six months ended 30 September 2010).

8. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	1 April 2011 to 30 September 2011	1 April 2010 to 30 September 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**27,509**	33,973
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**2,760,563**	2,744,563

The computation of diluted earning per share does not assume the exercise of the Company's outstanding share options since their assumed exercise would result in decrease in loss per share from continuing operations for both periods.

From continuing operations

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

	1 April 2011 to 30 September 2011	1 April 2010 to 30 September 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings (loss) figures are calculated as follows:		
Profit for the period attributable to owners of the Company	**27,509**	33,973
Less: Profit for the period from discontinued operations attributable to owners of the Company	**(46,523)**	(48,088)
Loss for the purpose of basic and diluted loss per share from continuing operations	**(19,014)**	(14,115)

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

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is HK$1.69 cents per share (HK$1.75 cents per share for the six months ended 30 September 2010), based on the profit for the period from the discontinued operations attributable to owners of the Company of HK$46,523,000 (HK$48,088,000 for the six months ended 30 September 2010) and the denominators detailed above for both basic and diluted earnings per share.

9. FINANCE LEASES RECEIVABLE/DEPOSITS FROM FINANCE LEASE CUSTOMERS

The Group provides financial leasing service in China. All interest rates inherent in the leases are fixed at the respective contract dates over the lease terms.

	Minimum lease payments		**Present value of minimum lease payments**	
	30 September 2011	31 March 2011	**30 September 2011**	31 March 2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Finance leases receivable comprise:				
Within one year	**395,548**	219,536	**316,700**	174,390
In more than one year but not more than five years	**587,316**	338,896	**538,345**	309,786
	982,864	558,432	**855,045**	484,176
Less: Unearned finance income	**(127,819)**	(74,256)		
Present value of minimum lease payment	**855,045**	484,176		
Analysed for reporting purposes as:				
Current assets			**316,700**	174,390
Non-current assets			**538,345**	309,786
			855,045	484,176

The Group's finance leases receivable are denominated in RMB which is the functional currency of the relevant group entity.

Finance leases receivable are secured over the equipment leased and deposits of approximately HK$88,105,000 (31 March 2011: HK$19,547,000) placed by customers and repayable upon the end of lease period. No contingent rent arrangements were made for both periods.

10. ACCOUNTS RECEIVABLE AND ADVANCES PROVIDED TO CUSTOMERS

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accounts receivable	**212,920**	170,864
Advances provided to customers	**1,192,158**	1,034,654
	1,405,078	1,205,518
Less: Allowance for bad and doubtful debts		
– accounts receivable	**(27,920)**	(20,984)
– advances provided to customers	**(21,124)**	(21,071)
	1,356,034	1,163,463
Less: Accounts receivable and advances provided to customers classified as part of the disposal group held for sale *(Note 6)*	**(1,353,906)**	–
	2,128	1,163,463

The following is an ageing analysis of accounts receivable and advances provided to customers:

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
– within one month	**2,128**	269,718
– more than one month but less than three months	**–**	214,092
– more than three months but less than six months	**–**	256,196
– more than six months	**–**	423,457
	2,128	1,163,463

11. LIABILITIES ARISING FROM LOAN GUARANTEE CONTRACTS

Liabilities arising from loan guarantee contracts represent the management's best estimate of the Group's liability based on prior experience and default history of the loan guarantee business.

The Group marked an important milestone during the first half year of 2011/12. Since the provision of financial services is a capital intensive business, the Company, on 29 August 2011, announced the conditional introduction (the "Introduction") of a strategic investor, Hony Capital Fund 2008, L.P. ("Hony"), to Rongzhong Group Limited ("Rongzhong"), a 71% owned subsidiary prior to completion of the Introduction engaging in the provision of various licensed financial services in China, to enhance its capital bases for further business operation development. The total investment amount made by Hony was approximately US$154.8 million which was applied as follows:

(1) US$90 million for subscription of new shares of Rongzhong;

(2) US$20 million for subscription of new shares of Rongzhong Capital Holdings Limited ("Rongzhong Capital"), a wholly owned subsidiary of Rongzhong prior to completion of the Introduction; and

(3) Approximately US$39.2 million and approximately US$5.6 million for acquisition of existing shares of Rongzhong owned by the Group and Yong Hua International Limited ("Yonghua"), a company wholly owned by a director of the Company, respectively.

To facilitate the Introduction, Rongzhong and its subsidiaries (collectively "Rongzhong Group") had completed a reorganization (the "Reorganization") involving, among others, (1) the spinoff of Rongzhong Capital and its subsidiaries (collectively "Rongzhong Financial Leasing Group"), which mainly engages in the provision of financial leasing and related services in China, from Rongzhong Group ("New Rongzhong Group"), which then mainly provides bridge financing services, loan guarantee services, financial consulting and management services in China, and (2) the capitalization of shareholder's loan of HK$156 million by Rongzhong Capital.

Following the completion of the Reorganization and the Introduction on 26 October 2011 (the "Completion Date"), Rongzhong Capital is now owned as to 50.055% by the Group, 29.5% by Hony and an aggregate of 20.445% by other non-controlling interest, including Yonghua, and continues to be a subsidiary of the Group, while Rongzhong is owned as to 40% by the Group, 40% by Hony and an aggregate of 20% by other non-controlling interest, including Yonghua, and is now an associated company of the Group. As a result, in the Group's consolidated financial statements, the financial position and operating results of Rongzhong Financial Leasing Group continue to be consolidated while those of New Rongzhong Group were deconsolidated and are accounted for based on equity method. For this six months ended 30 September 2011, New Rongzhong Group and its business operations have been classified as disposal group and discontinued operations, respectively, in this interim results announcement in accordance with Hong Kong Financial Reporting Standard 5.

As set out in the Company's circular dated 23 September 2011 (the "Circular") and assuming the completion of the Introduction took place on 31 March 2011, based on the unaudited pro forma financial information of the Group as at 31 March 2011, the Group would recognize a gain on disposal of approximately HK$552,000,000 and the consolidated net asset value of the Group would increase from HK$0.53 per share to HK$0.74 per share. However, the actual gain or loss on the Introduction to the Group and the actual consolidated net asset value of the Group per share upon the completion of the Introduction may be different from the amounts indicated above, as the actual gain or loss and the actual consolidated net asset value of the Group per share would depend on, among others, the actual net asset value of New Rongzhong Group on the Completion Date.

RESULTS AND DIVIDEND

The total revenue of the Group for the Period, including both the continuing operation and the discontinued operation, amounted to approximately HK$166,220,000 (corresponding period in 2010: HK$143,473,000), representing an increase of 16%. Such increase was mainly attributable to the growth of financial leasing business by approximately HK$23,664,000.

As a result of the Introduction, the Group reported a loss from continuing operations of approximately HK$23,946,000 (corresponding period in 2010: loss of HK$21,910,000) for the Period. Such loss was mainly due to the classification of New Rongzhong Group's operating results as discontinued operation although the Group still owned 71% equity interest in Rongzhong Group throughout the Period. Also, interest on the current revolving working capital loan facility of HK$900,000,000 granted by the Group to Rongzhong in the amount of approximately HK$32,296,000 (corresponding period in 2010: HK$33,694,000) was not recognized as revenue accordingly during the Period. However, after completion of the Introduction, interest income on this loan facility to Rongzhong will be recognized as revenue of the Group and the operating result of the Group's continuing operations will be improved significantly.

Profit for the Period attributable to the owners of the Company was approximately HK$27,509,000 (corresponding period in 2010: HK$33,973,000), representing a decrease of 19%. The decrease was mainly due to the drop in interest income from financing a property development project in Zhuhai ("Zhuhai Project") by approximately HK$4,864,000. Since the borrowers of the Zhuhai Project failed to repay the outstanding loan amount on the agreed loan maturity date, the Group did not recognize any income from this Zhuhai Project for the Period and initiated legal action for debt recovery in October 2011.

Since the Group's functional currency is Renminbi ("RMB") which has appreciated significantly during the Period, a net attributable exchange loss of approximately HK$12,558,000 on non-RMB denominated net assets, mainly short term bank deposits, bank balances and cash in Hong Kong dollar and United States dollar, was charged to the profit for the Period. Together with the equity-settled share based payment of HK$3,550,000, the total major non cash expenditure charged to the profit for the Period attributable to the owners of the Company was approximately HK$16,108,000. Excluding two major non cash expenses, the profit for the Period attributable to the owners of the Company should be approximately HK$43,617,000 and the details are set out below:

	1 April 2011 to 30 September 2011	1 April 2010 to 30 September 2010
	HK$000	*HK$000*
Profit attributable to owners of the Company	**27,509**	33,973
Add: Major non cash expenses:		
Attributable exchange loss on non-RMB denominated net assets	**12,558**	10,277
Equity-settled share based payment	**3,550**	6,329
Adjusted profit attributable to owners of the Company	**43,617**	50,579

Total comprehensive income attributable to the owners of the Company for the Period was approximately HK$76,442,000 (corresponding period in 2010: HK$62,003,000), representing an increase of 23%. Such increase was mainly due to the net attributable exchange gain of approximately HK$48,933,000 (corresponding period in 2010: HK$28,030,000) recognised as other comprehensive income resulting from the translation of all assets and liabilities from RMB into Hong Kong dollar (the Group's presentation currency) as at 30 September 2011 in accordance with the Hong Kong Accounting Standard 21.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend in respect of the results for the Period (corresponding period in 2010: nil).

BUSINESS REVIEW

During the Period, the Group was engaged in the provision of non-bank financial services, mainly comprising financing, financial leasing and loan guarantee services, to high quality SMEs, high net-worth individuals and retail customers through more than 20 operating offices in China. These offices are mainly located in Chongqing, Guangdong, Hubei, Hunan, Jiangsu, Sichuan and Zhejiang to serve customers in their respective regions covering all business services offered by the Group. Apart from the Zhuhai Project executed by a wholly owned subsidiary, the Group carried out all these business activities in China through New Rongzhong Group and Rongzhong Financial Leasing Group.

As aforementioned, the principal business of the Group is now the provision of financial leasing and financing services which are classified as continuing operations of the Group whereas New Rongzhong Group is classified as the disposal group of the Group in this interim results announcement in accordance with Hong Kong Financial Reporting Standard 5. Their respective performances for the Period are analyzed below:

Continuing Operations

Financial Leasing

The Group offers medium to long term financial leasing service through Rongzhong International Financial Leasing Co., Ltd. ("Rongzhong Leasing"), a wholly owned subsidiary of Rongzhong Capital. Established in Wuhan under the wholly-foreign owned leasing license issued by the Ministry of Commerce of China, Rongzhong Leasing commenced business operation in late 2008 offering a wide range of leasing services, such as direct leasing, sales and leaseback, leveraged leasing and lease with manufacturer's buy-back undertaking, etc., to small-to-medium enterprises ("SMEs"), the target customer group, across the country. The current customer bases spans over various provinces and cities in China, including: Anhui, Beijing, Guangdong, Guizhou, Hebei, Henan, Hubei, Hunan, Jiangsu, Jiangxi, Jilin, Liaoning, Shaanxi, Shandong, Shanghai, Shanxi, Sichuan, Tianjin and Zhejiang.

Since the commencement of financial leasing business in 2008, the Group has achieved significant growth over these years. The total carrying value of finance leases receivable as at 30 September 2011 reached approximately HK$855,045,000 (31 March 2011: HK$484,176,000), representing an increase of 77% over the last six months.

Over the Period, this portfolio contributed a total revenue of approximately HK$37,535,000 (corresponding period in 2010: HK$13,871,000), representing an increase of 171%. While the financial leasing business is currently going through a strong growth stage, the ability to maintain healthy asset quality is always of vital importance to the success of doing this business. As at 30 September 2011, there was no record of any 30 days overdue or non-performing assets.

As at 30 September 2011, the total registered capital of Rongzhong Leasing was US$20 million. Following the completion of the Introduction, the Group is planning to strengthen the capital base of Rongzhong Leasing by injecting approximately US$20 million into its registered capital to fuel for the long term growth.

Given the strong market demand of financial leasing service in China, the superb business network and the industry relationship of the Group, Rongzhong Leasing will continue expanding its services to all quality customers in China and is now the major and stable income provider to the Group.

Financing

As at 30 September 2011, the Group had two outstanding financing deals, namely (1) a revolving working capital loan facility of HK$900,000,000 offered to Rongzhong; and (2) two term loans related to the Zhuhai Project.

Since late 2004, the Group has continuously provided financing facilities to Rongzhong to support its business growth. The latest facility offered by the Group to Rongzhong prior to the Completion Date was a 3 years revolving working capital loan facility of HK$900,000,000 bearing an interest rate of 10% per annum and repayable in full by May 2013. As at 30 September 2011, the outstanding loan amount was approximately HK$661,000,000 (31 March 2011: HK$627,000,000).

As part of the Reorganization, Rongzhong settled part of this outstanding loan in an amount of HK$156,000,000 by an assignment of the same amount due from Rongzhong Capital to the Group. The Group then re-assigned an aggregate sum of HK$45,240,000, representing 29% of HK$156,000,000, due from Rongzhong Capital to each of the non-controlling interest of Rongzhong Capital in proportion to their respective interest in Rongzhong Capital. After that, Rongzhong Capital capitalized the amount due to shareholders of approximately HK$156,000,000 by allotment and issuance of its new shares to the Group and the non-controlling interest in proportion to the shareholding percentage of 71% and an aggregate of 29%, respectively. All these assignments and shares allotment and issuance were completed on the Completion Date.

In addition, as a term of the Introduction, the Group, on the Completion Date, entered into a supplemental deed pursuant to which the Group has agreed to, among others, extend the repayment date of part of this outstanding loan in the sum of HK$444,000,000 to the day falling 36 months after the Completion Date and reduce the interest rate in respect of this HK$444,000,000 loan from 10% per annum to 5% per annum. The repayment date and interest rate in respect of the remaining outstanding loan amount of approximately HK$61,000,000 under the abovementioned facility remain unchanged.

As at 30 September 2011, the total outstanding loan receivable related to the Zhuhai Project amounted to approximately HK$60,782,000 (31 March 2011: HK$62,146,000). During the Period, although the Group had received partial settlement of approximately HK$3,550,000, no income relating to this Zhuhai Project was recognized (corresponding period in 2010: HK$4,864,000) as the borrowers failed to repay the total outstanding amount in full on the agreed loan maturity date. In October 2011, the Group initiated legal action for debt recovery.

Disposal Group

New Rongzhong Group

The Group began its investment in Rongzhong Group in late 2004 by the subscription of 40% shares in Rongzhong. Since then, Rongzhong Group has developed into a large nationwide financial service provider headquartered in Wuhan and the Group's investment in Rongzhong had also been increased to 71% by 2007. Upon completion of the Reorganization and the Introduction, the Group still owns 40% equity interest of New Rongzhong Group which mainly focuses on financing and loan guarantee businesses.

New Rongzhong Group first launched the financing service in Wuhan, China, in April 2006, and subsequently extended its service to customers in Chongqing, Chengdu, Guangzhou, Hangzhou, Jiangsu, Nanjing and Taizhou. It aims to provide short term financing solutions mainly to SMEs and offers various types of financing service, consisting of the provision of bridging loans for application or renewal of banking facilities, deposits for tender bidding, financing for management buyout, acquisition, disposal, and trust scheme establishment. As at 30 September 2011, the gross outstanding advances to customers amounted to approximately HK$1,192,158,000 (31 March 2011: HK$1,034,654,000), representing a growth of 15%.

Partnering with more than 20 banks in China, New Rongzhong Group currently provides loan guarantee service in seven cities of China, namely Changsha, Chengdu, Chongqing, Guangzhou, Hangzhou, Nanjing and Wuhan. This loan guarantee service is offered to individuals and SMEs to secure their bank loans which are mainly (1) working capital loans; (2) motor vehicle loans and (3) real estate properties loans. With around 10 years of operation, New Rongzhong Group has developed strong and cohesive business relationship with SMEs and banks, which is vital to succeed in doing the financial service business. Since the Group first invested in Rongzhong Group in 2004, Rongzhong Group has guaranteed more than RMB16 billion bank loans in which approximately RMB2 billion remained outstanding as at 30 September 2011.

Over the Period, New Rongzhong Group reported an operating profit of approximately HK$65,378,000 (corresponding period in 2010: HK$67,845,000), representing a small drop of 4%. As at 30 September 2011, the total assets and liabilities of New Rongzhong Group amounted to approximately HK$1,829,934,000 and HK$508,924,000, respectively. As a result of the Introduction, these financial results and position have been separately shown in the Group's condensed consolidated statement of comprehensive income as discontinued operation and in the Group's condensed consolidated statement of financial position as assets and liabilities associated with assets classified as held for sale, respectively, in this interim results announcement. Since the Completion Date, the financial results and position of New Rongzhong Group have been accounted for by equity method in the consolidated financial statements of the Group.

OUTLOOK

SMEs are China's most dynamic part of China's enterprises. The exploration and innovation of SMEs will generate an enormous market power, thus providing huge room of development for financing, loan guarantee and financial leasing industries in the long run.

With the new fund raised, the Group and New Rongzhong Group are eager to carry out a comprehensive business expansion plan to enlarge their footprints in China. However, the current unstable economic conditions, such as sovereign debt crisis in some European countries, weak economic growth in some developed countries, the shrinking market liquidity and the breakout of regional financial crisis caused by illegal lending market in China, have raised uncertainties. Since the financing problems of SMEs in China have attracted increasing attention and there are increasing needs for financial service institutions with brand influence and overall strength to support the long-term growth of SMEs, the Group, together with New Rongzhong Group, will implement the business expansion plan in a progressive and cautious way so as to provide better and more comprehensive financing and intelligence services for SMEs.

FINANCIAL REVIEW

Financial Resources and Capital Structure

The Group always maintains healthy cash position and sufficient capital for business development. As at 30 September 2011, the aggregate sum of cash, bank balances and short term bank deposits amounted to approximately HK$341,154,000 (31 March 2011: HK$443,235,000), including an amount of approximately HK$38,055,000 attributable to New Rongzhong Group. The working capital (current assets less current liabilities) and the total equity of the Group were approximately HK$1,623,103,000 (31 March 2011: HK$1,416,795,000) and approximately HK$1,658,021,000 (31 March 2011: HK$1,614,525,000) respectively.

All bank borrowings of the Group were granted by banks in China and are denominated in RMB bearing variable interest with reference to the rate offered by the People's Bank of China. As at 30 September 2011, the total bank borrowing of the Group was approximately HK$855,694,000 (31 March 2011: HK$502,641,000) in which approximately HK$732,237,000 (31 March 2011: HK$383,593,000) was solely for the development of financial leasing business and approximately HK$123,457,000 (31 March 2011: HK$119,048,000) was associated with New Rongzhong Group. The bank borrowing of approximately HK$417,028,000 (31 March 2011: HK$248,016,000), including approximately HK$123,457,000 (31 March 2011: HK$119,048,000) associated with New Rongzhong Group, would be repayable within one year while the remaining bank borrowing of approximately HK$438,666,000 (31 March 2011: HK$254,625,000) would be due after one year.

For bank borrowing relating to financial leasing business, the Group has transferred most interest rate risk exposure to customers by allowing adjustment to the amount of leases receivable with reference to the change in market interest rates. Apart from this, the Group has not used any derivative to hedge against other interest rate risk exposure.

Liquidity and Gearing Ratio

The Group's healthy liquidity position is shown by the current ratio maintained throughout the Period. As at 30 September 2011, the current ratio (current assets/current liabilities) of the Group was 2.79 times (31 March 2011: 3.15 times). As the economic environment in China is rather uncertain in the short run, it is the Group's intention to maintain a moderate level of gearing ratio. As at 30 September 2011, the debt-to-equity ratio (total bank borrowing/total equity) of the Group was 51.6% (31 March 2011: 31.1%) while the net debt position was 31.0% (31 March 2011: 11.2%) after considering the cash position maintained by the Group.

Charges on Group Assets

As at 30 September 2011, the bank borrowings of the Group were secured by the following:

(a) a charge over the Group's and the non-controlling shareholders' indirect interests in Rongzhong Capital Investments Group Limited[#] (融眾資本投資集團有限公司); and

(b) certain finance leases receivable of the Group with an aggregate carrying value of approximately HK$723,701,000 (31 March 2011: HK$252,555,000).

As at 30 September 2011, the banking facilities granted to the Group by banks in China were secured by the security deposits in an aggregate amount of approximately HK$224,318,000 (31 March 2011: HK$200,947,000), in which approximately HK$9,590,000 was related to financial leasing business and approximately HK$214,728,000 was associated with New Rongzhong Group.

Exposure to Fluctuations in Exchange Rates

The Group reports its operating results 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 currency. The Group is, thus, exposed to the fluctuation in exchange rates between RMB, Hong Kong dollar and other currencies. The Group has taken in place effective measures and monitored the foreign currency movement closely. At present, no derivative instrument is used by the Group to hedge against any exchange rate risk exposure.

CONTINGENT LIABILITIES

As at 30 September 2011, the Group had contingent liabilities in relation to loan guarantee business solely conducted by New Rongzhong Group of approximately HK$2,744,002,000 (31 March 2011: HK$3,253,100,000) in which approximately HK$8,000,000 (31 March 2011: HK$8,797,000) were recognised in the condensed consolidated statement of financial position as liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2011, the Group had approximately 390 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.

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.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

PUBLICATION OF FURTHER INFORMATION

The 2011/12 Interim Report of the Company containing all information required by the Listing Rules will be published on the respective websites of the Company and the Stock Exchange in due course.

DIRECTORS

As at the date of this announcement, (a) the executive directors of the Company are Mr. Wang Jun, Mr. Wong Yu Lung, Charles, Mr. Ding Chung Keung, Mr. Kee Wah Sze, Mr. Xie Xiao Qing and Ms. Wong, Michelle Yatyee; (b) the independent non-executive directors of the Company are Mr. Ma Ho Fai SBS JP, Mr. Melvin Jitsumi Shiraki and Mr. Cheng Yuk Wo.

By Order of the Board
Mr. Ding Chung Keung
Chief Executive Officer

Hong Kong, 28 November 2011

For identification purpose only