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

(Incorporated in Hong Kong with limited liability)

(Stock code: 00172)

PRELIMINARY ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

The board of directors (the "Board") of Goldbond Group Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2011 together with comparative figures for the corresponding year in 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Revenue	3	**286,772**	306,097
Other income		**12,190**	13,725
Change in fair value of derivative component of convertible note		**–**	1,209
Staff costs	6	**(56,862)**	(65,159)
Other operating expenses		**(83,736)**	(78,222)
Direct finance costs	4	**(18,606)**	(8,077)
Other finance costs	5	**(8,671)**	(12,587)
Share of profits of an associate		**75**	9,165
Profit before taxation	6	**131,162**	166,151
Taxation	7	**(39,752)**	(32,313)
Profit for the year		**91,410**	133,838

	Note	**2011**	2010
		HK$'000	*HK$'000*
Other comprehensive income			
Exchange differences arising on translation		**79,425**	–
Total comprehensive income for the year		**170,835**	133,838
Profit for the year attributable to:			
Owners of the Company		**64,661**	118,602
Non-controlling interests		**26,749**	15,236
		91,410	133,838
Total comprehensive income attributable to:			
Owners of the Company		**137,072**	118,602
Non-controlling interests		**33,763**	15,236
		170,835	133,838
Earnings per share	*8*		
– Basic		**2.35 cents**	4.38 cents
– Diluted		**2.34 cents**	4.35 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Equipment		**6,751**	7,162
Interest in an associate		**59,295**	55,890
Goodwill		**103,686**	103,686
Intangible assets		**1,315**	1,665
Finance leases receivable		**309,786**	114,882
Club debentures		**17,529**	16,545
		498,362	299,830
Current assets			
Properties held for sale		**9,536**	9,000
Amount due from an associate		**12,417**	–
Loans receivable		**62,146**	161,220
Accounts receivable and advances provided to customers	*9*	**1,163,463**	928,201
Finance leases receivable		**174,390**	55,424
Prepayments and deposits		**8,950**	8,111
Security deposits		**200,947**	172,849
Short term bank deposits			
– with original maturity within three months		**164,799**	172,638
– with original maturity more than three months		**122,050**	81,356
Bank balances and cash		**156,386**	198,559
		2,075,084	1,787,358
Current liabilities			
Amount due to an associate		**–**	3,046
Other payables and accrued charges		**128,278**	36,702
Deposits from loan guarantee customers		**193,440**	133,017
Deposits from finance lease customers		**1,666**	–
Deferred income		**35,146**	29,027
Taxation		**42,946**	25,876
Bank borrowings – amount due within one year		**248,016**	52,809
Liabilities arising from loan guarantee contracts	*10*	**8,797**	10,180
		658,289	290,657
Net current assets		**1,416,795**	1,496,701
Total assets less current liabilities		**1,915,157**	1,796,531

	2011	2010
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**276,056**	274,456
Reserves	**1,184,415**	1,090,838
Equity attributable to owners of the Company	**1,460,471**	1,365,294
Non-controlling interests	**154,054**	121,482
Total equity	**1,614,525**	1,486,776
Non-current liabilities		
Deposits from finance lease customers	**17,881**	7,780
Deferred income	**12,842**	21,274
Bank borrowings – amount due after one year	**254,625**	261,798
Redeemable convertible preference shares	**2,400**	2,087
Deferred taxation	**12,884**	16,816
	300,632	309,755
	1,915,157	1,796,531

1. BASIS OF PREPARATION

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

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2011 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

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

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 32 (Amendment)	Classification of rights issues
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners
HK – INT 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

The Group applies HKFRS 3 (Revised) "Business combinations" prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) "Consolidated and separate financial statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010. The application of HKFRS 3 (Revised) and HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior years.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The adoption of the new and revised HKFRSs in the current year has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[2]
HKFRS 9	Financial instruments[3]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[4]
HKAS 24 (Revised)	Related party disclosures[5]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement[5]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[6]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2011.
3 Effective for annual periods beginning on or after 1 January 2013.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 January 2011.
6 Effective for annual periods beginning on or after 1 July 2010.

HKFRS 9 (issued in November 2009 and as revised in November 2010) adds requirements for financial assets, financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that the application of HKFRS 9 in the Group's consolidated financial statements for the financial year ending 31 March 2014 and the application of the other new and revised HKFRSs when effective (listed above) will have no material impact on the consolidated financial statements.

3. REVENUE

Revenue represents income received and receivable from the provision of financing service, financial leasing service and loan guarantee service in China. It also represents the turnover of the Group.

	2011	2010
	HK$'000	*HK$'000*
Financing service income	**194,277**	243,667
Financial leasing service income	**35,223**	11,101
Loan guarantee service income	**57,272**	51,329
	286,772	306,097

4. SEGMENT INFORMATION

The Group is currently organised into several operating divisions: financing, project financing, consultancy, financial leasing and loan guarantee. For the purpose of resources allocation and performance assessment, financial information relating to these operations is reported internally and is regularly reviewed by the Chief Executive Officer, being the chief operating decision maker, based on the following segments:

(a) Provision of financing service including financing, project financing and consultancy service;

(b) Provision of financial leasing service; and

(c) Provision of loan guarantee service for financing of motor vehicles, real estate property and SME working capital, etc.

Information regarding these segments is presented below.

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

Year ended 31 March 2011

	Financing service	**Financial leasing service**	**Loan guarantee service**	**Consolidated**
	HK$'000	***HK$'000*** ***(Note)***	***HK$'000***	***HK$'000***
Revenue from external customers	**194,277**	**35,223**	**57,272**	**286,772**
Segment results	**128,213**	**14,613**	**39,146**	**181,972**
Investment income				**4,218**
Unallocated corporate income and expenses:				
– other administrative income and expenses				**(31,845)**
– net exchange loss				**(14,587)**
Other finance costs				**(8,671)**
Share of profits of an associate				**75**
Profit before taxation				**131,162**

Year ended 31 March 2010

	Financing service	Financial leasing service	Loan guarantee service	Consolidated
	HK$'000 *(Note)*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*
Revenue from external customers	243,667	11,101	51,329	306,097
Segment results	175,736	3,514	16,643	195,893
Investment income				3,220
Change in fair value of derivative component of convertible note				1,209
Unallocated corporate income and expenses:				
– other administrative income and expenses				(30,602)
– exchange loss				(147)
Other finance costs				(12,587)
Share of profits of an associate				9,165
Profit before taxation				166,151

Segment results represent the profit earned by each segment without allocation of central administration costs, investment income, change in fair value of derivative component of convertible note, other finance costs and share of profits of an associate. 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$18,606,000 and nil (2010: HK$4,911,000 and HK$3,166,000) attributable to the financial leasing service and the financing service business respectively.

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

Year ended 31 March 2011

	Financing service	**Financial leasing service**	**Loan guarantee service**	**Unallocated**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Expenditure for reportable segment non-current assets	**415**	**544**	**2,371**	**25**	**3,355**
Amortisation of intangible assets	**442**	**–**	**–**	**–**	**442**
Depreciation of equipment	**438**	**95**	**2,583**	**867**	**3,983**
Allowance for bad and doubtful debts, net	**7,639**	**–**	**4,044**	**–**	**11,683**

Year ended 31 March 2010

	Financing service	Financial leasing service	Loan guarantee service	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Expenditure for reportable segment non-current assets	299	18	1,316	213	1,846
Amortisation of intangible assets	425	–	–	–	425
Depreciation of equipment	463	88	2,952	1,042	4,545
Allowance for bad and doubtful debts, net	3,380	–	10,364	–	13,744

5. OTHER FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on borrowings wholly repayable within five years	**8,358**	8,828
Interest on convertible notes	**–**	3,487
Interest on redeemable convertible preference shares	**313**	272
	8,671	12,587

6. PROFIT BEFORE TAXATION

	2011	2010
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Salaries, allowances and other staff benefits	**45,918**	47,630
Staff's retirement benefits scheme contributions	**2,037**	2,338
Equity-settled share based payment expenses	**8,907**	15,191
Total staff costs (including directors' remuneration)	**56,862**	65,159
Allowance for bad and doubtful debts, net	**11,683**	13,744
Amortisation of intangible assets (included in other operating expenses)	**442**	425
Auditor's remuneration	**2,577**	2,687
Depreciation of equipment	**3,983**	4,545
Loss on disposal of equipment	**26**	6
Operating lease rentals in respect of properties	**11,019**	11,246
Net exchange loss	**14,587**	–
and after crediting:		
Net exchange gain	**–**	1,019
Government subsidies (included in other income)	**7,811**	4,918
Interest income (included in other income)	**4,218**	3,220
Waiver of debts of long outstanding other payables	**–**	3,555
Management fee income received from an associate	**2,573**	13,911

7. TAXATION

	2011	2010
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Current tax		
Enterprise Income Tax in China		
– Provision for the current year	**40,977**	31,174
– Underprovision in prior year	**3,598**	–
	44,575	31,174
Deferred taxation	**(4,823)**	1,139
	39,752	32,313

Under the Enterprise Income Tax Law of China (the "EIT Law") and Implementation Regulation of the EIT Law, all subsidiaries in China are subject to the tax rate of 25% from 1 January 2008 onwards.

8. EARNINGS PER SHARE

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

	2011	2010
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**64,661**	118,602
Number of shares:	*'000*	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,746,798**	2,705,111
Effect of dilutive potential ordinary shares:		
Share options	**15,770**	19,892
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,762,568**	2,725,003

The calculation of diluted earnings per share for the year ended 31 March 2010 did not include the effect of the conversion of the convertible notes since the assumed conversion of the Company's outstanding convertible notes would result in an increase in earnings per share.

9. ACCOUNTS RECEIVABLE AND ADVANCES PROVIDED TO CUSTOMERS

	2011	2010
	HK$'000	*HK$'000*
Accounts receivable	**170,864**	204,878
Advances provided to customers	**1,034,654**	762,240
	1,205,518	967,118
Less: Allowance for bad and doubtful debts		
– accounts receivable	**(20,984)**	(15,852)
– advances provided to customers	**(21,071)**	(23,065)
	1,163,463	928,201

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

	2011	2010
	HK$'000	*HK$'000*
– within one month	**269,718**	341,327
– more than one month but less than three months	**214,092**	104,577
– more than three months but less than six months	**256,196**	121,119
– more than six months	**423,457**	361,178
	1,163,463	928,201

10. 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.

11. DIVIDEND

	2011	2010
	HK$'000	*HK$'000*
Dividends recognised as distribution and paid during the year:		
Final dividends of HK2 cents per share in respect of the year ended 31 March 2010 (2010: In respect of the year ended 31 March 2009 of HK4 cents per share)	**54,891**	106,783

Subsequent to the end of the reporting period, a final dividend of HK2 cents (2010: HK2 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

2010/11 was another challenging year to the Group. China's economy has continued its strong pace of growth but the rising inflation rate in China has triggered concern of overheating economy, particularly in the real estate market. The Chinese government has employed a number of financial and monetary policies to tighten the market liquidity and stabilize the general prices leading to several adjustments to the real estate market in China. Banks in China have reduced their loan resources to meet the deposit reserve ratio as required by the People's Bank of China. Such moves have significantly increased the challenges of working capital shortage encountered by borrowers in China and weakened borrowers' repayment ability of short term bridging loan, which is a major product of the Group's financing business. In addition, since real estate property is a major collateral to secure advances provided to customers, the Group has continued its conservative approach in growing the financing business and adopted a more competitive pricing strategy to attract and retain high quality customers which then slightly affected the result of the financing business for the year. On the other hand, given the recent encouragement by the Chinese government to boost up the small-to-medium enterprises ("SMEs") development in China, the Group has allocated more resources in developing the medium term financial leasing business to seize the growth opportunity with favorable result in current year.

FINANCIAL RESULTS

For the year ended 31 March 2011 (the "Year"), the Group's revenue amounted to approximately HK$286,772,000 (2010: HK$306,097,000), representing a decrease of 6%. Such decrease represented the net effect of (1) the drop in income from financing a property development project in Zhuhai, China ("Zhuhai Project Financing") by approximately HK$22,310,000 after partial settlement received during the Year; (2) the fall of other financing business by approximately HK$27,080,000 and (3) the growth of financial leasing business by approximately HK$24,122,000.

Profit for the Year attributable to the owners of the Company was approximately HK$64,661,000 (2010: HK$118,602,000), representing a decrease of 45%. The decrease was mainly due to (1) the drop in profit from Zhuhai Project Financing by approximately HK$22,288,000; (2) the decrease of share of profits of an associate by approximately HK$6,454,000 and (3) the increase in attributable exchange loss of approximately HK$24,797,000.

Since the Group's functional currency is Renminbi ("RMB") which has appreciated significantly during the Year, a net attributable exchange loss of approximately HK$24,116,000 on non-RMB denominated net assets, mainly short term bank deposits, bank balances and cash, was charged to the profit for the Year. Together with the equity-settled share based payment of HK$8,907,000, the total major non cash expenditure charged to the profit for the Year attributable to the owners of the Company was approximately HK$33,023,000. Excluding these major non cash expenses, the profit for the Year attributable to the owners of the Company should be approximately HK$97,684,000.

Total comprehensive income attributable to the owners of the Company for the Year was approximately HK$137,072,000 (2010: HK$118,602,000), representing an increase of 16%. Such increase was mainly due to the net attributable exchange gain of approximately HK$72,411,000 recognised as other comprehensive income resulting from the translation of all assets and liabilities from RMB into Hong Kong dollars (the Group's presentation currency) as at 31 March 2011 in accordance with the Hong Kong Accounting Standard 21.

FINAL DIVIDEND

The Board has proposed a final dividend of HK2 cents per share in respect of the results for the Year (2010: HK2 cents per share). The ratio of dividend to profit after tax attributable to the owners of the Company for the Year was 85% (2010: 46%) based on the issued share capital as at 31 March 2011. Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on 25 August 2011 (the "AGM"), the final dividend will be distributed on or about 1 September 2011 to shareholders whose names appear on the Register of Members of the Company as at the close of business on 25 August 2011.

BUSINESS REVIEW

The Group is engaged principally in the provision of non-bank financial services, comprising financing, financial leasing and loan guarantee services, to high quality SMEs, high net-worth individuals and retail customers in China. Apart from the Zhuhai Project Financing executed through Famous Apex Limited, a wholly owned subsidiary, the Group carries out all these business activities in China through Rongzhong Group Limited ("Rongzhong"), a 71% owned subsidiary, and its subsidiaries (collectively "Rongzhong Group").

In March 2010, the Group and Rongzhong entered into a loan agreement pursuant to which the Group conditionally agreed to make available a revolving working capital loan facility of HK$900 million to Rongzhong at an interest rate of 10% per annum. As at 31 March 2011, the total outstanding loan amount was approximately HK$627,000,000 (2010: HK$536,192,000).

Currently, the Group has more than 20 operating offices in the following provinces and municipality: Guangdong, Hubei, Hunan, Jiangsu, Sichuan, Zhejiang and Chongqing. These offices are responsible to serve customers in the respective region with respect to all business services offered by the Group. The performance analysis of each business segment for the Year is as follows:

Financing

The Group first launched the financing service in Wuhan, China, in April 2006. Since then, such service has been extended to Chongqing, Chengdu, Guangzhou, Hangzhou, Jiangsu, Nanjing, Taizhou and Zhuhai.

The Group aims to provide short term financing solutions to customers 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, property development project and trust scheme establishment.

As at 31 March 2011, the Group had gross advances to customers of approximately HK$1,034,654,000 (2010: HK$762,240,000) and loans receivable from Zhuhai Project Financing of HK$62,146,000 (2010: HK$161,220,000). The sharp decrease in the loans receivable from Zhuhai Project Financing was resulted from an aggregate settlement of approximately HK$115,950,000 received during the Year. This loan portfolio generated a total revenue for the Year of approximately HK$194,277,000 (2010: HK$243,667,000), representing a decrease of 20% mainly due to:

1. less income was recognised from Zhuhai Project Financing after partial settlement received during the Year; and

2. a more competitive pricing strategy was adopted to attract and retain high quality customers in view of the uncertainty of the real estate market and the liquidity shortage in China.

With the extensive network established over the years, the Group will continue capitalizing the existing platform for sustainable growth.

Financial Leasing

The Group offers medium to long term financing service through Rongzhong International Financial Leasing Co., Ltd. ("Rongzhong Finance Lease"), a wholly owned subsidiary of Rongzhong. Established in Wuhan under the wholly-foreign owned leasing license issued by the Ministry of Commerce of China, Rongzhong Finance Lease 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. The target customer group is SMEs across the country and the current customer bases spans over various provinces and cities in China, including but not limited to Beijing, Guangdong, Guizhou, Hebei, Henan, Hubei, Hunan, Jiangsu, Jiangxi, Liaoning, Shaanxi, Shanxi, Shanghai, and Tianjin and Zhejiang.

Leveraging on banking facilities from various banks in China, Rongzhong Finance Lease recorded a remarkable growth in the Year. As at 31 March 2011, the carrying value of finance leases receivable amounted to approximately HK$484,176,000 (2010: HK$170,306,000), representing an increase of 184%. This portfolio contributed a total revenue for the Year of approximately HK$35,223,000 (2010: HK$11,101,000), representing an increase of 217%. 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 31 March 2011, there was no record of any 30 days overdue or non-performing assets.

In order to fuel the long term growth of the financial leasing business, the Group had strengthened the capital base of Rongzhong Finance Lease by the completion of the second phase capital injection of US$10 million in September 2010. As at 31 March 2011, the total registered capital of Rongzhong Finance Lease was US$20 million.

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

Loan Guarantee

The Group provides loan guarantee service in seven cities of China, namely Changsha, Chengdu, Chongqing, Guangzhou, Hangzhou, Nanjing and Wuhan. The principal activities are the provision of loan guarantee and related services to individuals and SMEs against the following major loan types: (1) motor vehicle; (2) real estate property; and (3) SME working capital, etc.

During the Year, the Group had issued new loan guarantees in an aggregate amount of approximately RMB1.9 billion (2010: RMB4.6 billion), representing a decrease of 59%. The revenue for the Year; however, increased by 12% to approximately HK$57,272,000 (2010: HK$51,329,000) as a result of focusing on the development of those shorter term but more profitable SMEs loan guarantee products during the Year. The Group will continue monitoring the market demand and the product mix to ensure a balanced but competitive return for the loan guarantee business.

Guarantee income is recognised over the life of guarantee contracts. As at 31 March 2011, the deferred income was approximately HK$45,446,000 (2010: HK$49,715,000) which would be recognised in the forthcoming three financial years.

OUTLOOK

2011 is the first year to implement the "12th Five-Year Plan" with an aim to stimulate domestic consumption, develop strategic industries, accelerate the growth of services industry, promote urbanisation and, most importantly, create a balanced economy to allow all Chinese residents prosper in the long run.

The Group considers that this long term driver of China's economy will cause China to remain the fastest-growing among the world's biggest economies and continue offering great opportunity for SMEs to grow, especially those targeting domestic consumption and located in central and western regions of China. With extensive business and distribution network in central region of China, the Group sees ample opportunity to grow in equipment and machinery financing business, particularly in financial leasing service which only represents a very small portion of financing sources in China currently. Given the existing financial leasing penetration rate of China is only around 3% (the proportion of equipment investment via leasing in the total equipment investment) which is far less than that of the developed countries ranging from around 10% to 30%, the Group anticipates that, along with the steady economic growth in China, this leasing penetration rate of China will ultimately reach the global average, representing a big room for expansion. Accordingly, more resources will be put in the financial leasing business to capture this huge growth potential in the coming years. Meanwhile, the Group will remain cautious in developing both financing and loan guarantee businesses in view of the stringent monetary policy and the overheating real estate market in China.

FINANCIAL REVIEW

Financial Resources and Capital Structure

The Group always maintains healthy cash position and sufficient capital for business development. As at 31 March 2011, the aggregate sum of cash, bank balances and short term bank deposits amounted to approximately HK$443,235,000 (2010: $452,553,000). The working capital (current assets less current liabilities) and the total equity of the Group were approximately HK$1,416,795,000 (2010: HK$1,496,701,000) and approximately HK$1,614,525,000 (2010: HK$1,486,776,000) 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 31 March 2011, the total bank borrowing of the Group was approximately HK$502,641,000 (2010: HK$314,607,000) in which approximately HK$248,016,000 (2010: HK$52,809,000) would be repayable within one year and approximately HK$254,625,000 (2010: HK$261,798,000) would be due after one year. The increase in total bank borrowing was solely to support the expansion of financial leasing business during the Year.

For bank borrowing relating to the development of financial leasing business in an aggregate amount of approximately HK$383,594,000 (2010: HK$179,775,000), 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 Year. As at 31 March 2011, the current ratio (current assets/current liabilities) of the Group was 3.15 times (2010: 6.15 times). The drop was largely due to the reclassification of bank borrowing from non-current liabilities to current liabilities in accordance with the loan maturity date.

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 31 March 2011, the debt-to-equity ratio (total bank borrowing/total equity) of the Group was 31.1% (2010: 21.2%) while the net debt position was 11.2% (2010: nil) after considering the cash position maintained by the Group.

CHARGES ON GROUP ASSETS

As at 31 March 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$252,555,000 (2010: HK$90,186,000).

As at 31 March 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$200,947,000 (2010: HK$172,849,000).

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 while some monetary assets and liabilities are denominated in other foreign currency. The Group is, thus, exposed to the fluctuation in exchange rates between Hong Kong dollars 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

The Group provides loan guarantee service to customers in China. As at 31 March 2011, the Group had contingent liabilities in relation to the loan guarantee business of approximately HK$3,253,100,000 (2010: HK$3,932,711,000) in which approximately HK$8,797,000 (2010: HK$10,180,000) were recognised in the consolidated statement of financial position as liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2011, the Group had approximately 400 staff located in both Hong Kong and China. The Group remunerates these employees based on their performance, experience and prevailing industry practices. Other benefits offered to these employees include medical insurance, retirement scheme and training subsidies. In addition, the Group has set up a share option scheme for the purpose of providing incentives to the eligible employees.

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

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 March 2011 under review, the Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company comprises three members namely Mr. Cheng Yuk Wo, Mr. Ma Ho Fai SBS JP and Mr. Melvin Jitsumi Shiraki, the independent non-executive directors of the Company.

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed with management in respect to the financial reporting matters, including a review of the audited consolidated financial statements of the Group for the Year, who are of the opinion that such statements comply with the applicable accounting standards and the Listing Rules and that adequate disclosure have been made.

REMUNERATION COMMITTEE

The remuneration committee comprises three members namely Mr. Cheng Yuk Wo, Mr. Ma Ho Fai SBS JP and Mr. Kee Wah Sze.

The principal responsibilities of remuneration committee include, among others, making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

ANNUAL GENERAL MEETING

It is proposed that the AGM will be held on 25 August 2011. For details of the AGM, please refer to the Notice of the AGM which is expected to be published on or about 6 July 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 22 August 2011 to 25 August 2011, both days inclusive. For the purpose of ascertaining the members' entitlement to the attendance of the AGM and to the final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 19 August 2011.

By order of the Board
Goldbond Group Holdings Limited
Ding Chung Keung, Vincent
Chief Executive Officer

Hong Kong, 15 June 2011

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, Vincent, 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.

For identification purpose only