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 2009

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 2009 (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 2009

	Notes	**1 April 2009 to 30 September 2009**	1 April 2008 to 30 September 2008
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Continuing operations			
Turnover	*3*	**165,165**	187,447
Other income		**3,577**	10,791
Change in fair value of derivative component of convertible note		**873**	10,610
Staff costs		**(33,274)**	(33,034)
Other operating expenses		**(40,378)**	(34,146)
Share of (loss) profit of an associate		**(14)**	1,792
Finance costs		**(10,211)**	(11,524)
Profit before taxation	*4*	**85,738**	131,936
Taxation	*5*	**(19,948)**	(22,754)
Profit for the period from continuing operations		**65,790**	109,182
Discontinued operation	*6*		
Loss for the period from discontinued operation		**–**	(80)
Profit for the period		**65,790**	109,102

	Note	1 April 2009 to 30 September 2009	1 April 2008 to 30 September 2008
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Other comprehensive income			
Exchange differences arising on translation		**–**	14,137
Total comprehensive income for the period		**65,790**	123,239
Profit for the period attributable to:			
Owners of the Company		**60,416**	90,226
Minority interests		**5,374**	18,876
		65,790	109,102
Total comprehensive income attributable to:			
Owners of the Company		**60,416**	102,279
Minority interests		**5,374**	20,960
		65,790	123,239
Earnings per share	*8*		
From continuing and discontinued operations			
– Basic		**2.26 cents**	3.45 cents
– Diluted		**2.25 cents**	3.07 cents
From continuing operations			
– Basic		**2.26 cents**	3.45 cents
– Diluted		**2.25 cents**	3.07 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2009

	Notes	30 September 2009 HK$'000 (unaudited)	31 March 2009 HK$'000 (audited)
Non-current assets			
Plant and equipment		**8,285**	9,904
Deposit		**–**	11,415
Interest in an associate		**57,527**	63,149
Goodwill		**103,686**	103,686
Intangible assets		**1,877**	2,090
Loan receivables		**60,382**	167,989
Finance lease receivables		**54,601**	10,243
Club debentures		**16,545**	16,545
		302,903	385,021
Current assets			
Properties held for sale		**9,000**	9,000
Consideration receivable from disposal of associates		**16,948**	20,437
Loan receivables		**101,222**	–
Account receivables and advances provided to customers	*9*	**804,646**	692,098
Finance lease receivables		**28,024**	8,235
Dividend receivable from an associate		**5,608**	–
Prepayments and deposits		**8,939**	9,533
Security deposits		**135,398**	105,302
Short term bank deposits			
– with original maturity within three months		**164,954**	157,921
– with original maturity more than three months		**84,572**	84,769
Bank balances and cash		**231,713**	337,162
		1,591,024	1,424,457
Current liabilities			
Amount due to an associate		**15,120**	17,188
Other payables and accrued charges		**172,855**	144,295
Deferred income		**25,775**	22,737
Taxation		**25,089**	18,995
Bank borrowings – amount due within one year		**33,708**	122,472
Liabilities arising from financial guarantee contracts	*10*	**9,778**	6,910
		282,325	332,597
Net current assets		**1,308,699**	1,091,860
		1,611,602	1,476,881

	30 September 2009	31 March 2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Capital and reserves		
Share capital	**266,956**	266,956
Reserves	**957,075**	996,548
Equity attributable to owners of the Company	**1,224,031**	1,263,504
Minority interests	**109,372**	103,998
Total equity	**1,333,403**	1,367,502
Non-current liabilities		
Customer deposits	**9,108**	5,245
Deferred income	**18,625**	14,110
Bank borrowings – amount due after one year	**157,303**	–
Convertible note	**74,978**	72,532
Redeemable convertible preference shares	**1,946**	1,815
Deferred taxation	**16,239**	15,677
	278,199	109,379
	1,611,602	1,476,881

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 the 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 2009.

In the current interim period, the Group has applied, for the first time, a number of new and revised Hong Kong Financial Reporting Standards ("HKFRS"s), Hong Kong Accounting Standards ("HKAS"s), amendments and interpretations ("INT"s) (hereinafter collectively referred to as "new and revised HKFRSs") issued by the HKICPA.

Except as described below, the adoption of the new or revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) "Presentation of financial statements" has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 "Operating segments" ("HKFRS 8") is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment reporting" ("HKAS 14") required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The Group adopted HKFRS 8 in the preparation of the annual consolidated financial statements of the Group for the year ended 31 March 2009 in advance of its effective date. The application of HKFRS 8 had resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. The Group did not adopt HKFRS 8 in the preparation of the condensed consolidated financial statements of the Group for the six months ended 30 September 2008 in advance of its effective date. Accordingly, the comparative figures for the six months ended 30 September 2008 have been restated on the new basis in the condensed consolidated financial statements of the Group for the six months ended 30 September 2009.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The adoption of HKFRS 3 (Revised 2008) "Business combinations" may affect the Group's accounting for business combinations for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised 2008) "Consolidated and separate financial statements" will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group adopted HKFRS 8 in advance of its effective date, with effect from 1 April 2008, in the preparation of the annual consolidated financial statements of the Group for the year ended 31 March 2009. However, the Group did not adopt HKFRS 8 in advance of its effective date in the preparation of condensed consolidated financial statements for the six months ended 30 September 2008.

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard, HKAS 14, required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In prior years, segment information reported externally was analysed on the basis of the types of services provided by the Group's operating divisions (i.e., financing service, loan guarantee service, consultancy and management services, and property leasing and development division). However, information reported to the Group's chief executive officer for the purposes of resource allocation and assessment of performance focuses more specifically on the category of customers for financing service, loan guarantee service and finance lease service, and property leasing and development division which was discontinued in 2007. The chief executive officer considers that the consultancy and management service is only ancillary service of financing service and loan guarantee service. The Group's reportable segments under HKFRS 8 are therefore as follows:

(a) Provision of financing service including bridge financing and provision of long term loans in the People's Republic of China other than Hong Kong (the "PRC");

(b) Provision of loan guarantee service for guaranteeing loans for consumable purchase, educational fund, residential renovation, mobile phones, motor vehicles, real estate property, etc.; and

(c) Provision of finance lease service.

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8.

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

Six months ended 30 September 2009

	Continuing operations				Discontinued operation	
	Financing service	Loan guarantee service	Finance lease service	Total	Property leasing and development	Consolidated
	HK$'000	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	**138,421**	**23,945**	**2,799**	**165,165**	**–**	**165,165**
Segment results	**103,147**	**6,614**	**1,068**	**110,829**	**–**	**110,829**
Investment income				**2,066**	**–**	**2,066**
Change in fair value of derivative component of convertible note				**873**	**–**	**873**
Unallocated corporate expenses				**(18,749)**	**–**	**(18,749)**
Finance costs				**(9,267)**	**–**	**(9,267)**
Share of loss of an associate				**(14)**	**–**	**(14)**
Profit before taxation				**85,738**	**–**	**85,738**
Taxation				**(19,948)**	**–**	**(19,948)**
Profit for the period				**65,790**	**–**	**65,790**

Six months ended 30 September 2008 (restated)

	Continuing operations				Discontinued operation	
	Financing service	Loan guarantee service	Finance lease service	Total	Property leasing and development	Consolidated
	HK$'000	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	118,046	69,067	334	187,447	–	187,447
Segment results	108,876	33,219	42	142,137	(81)	142,056
Investment income				5,622	1	5,623
Change in fair value of derivative component of convertible note				10,610	–	10,610
Unallocated corporate expenses				(16,701)	–	(16,701)
Finance costs				(11,524)	–	(11,524)
Share of profit of an associate				1,792	–	1,792
Profit (loss) before taxation				131,936	(80)	131,856
Taxation				(22,754)	–	(22,754)
Profit (loss) for the period				109,182	(80)	109,102

All of the segment revenue reported above is from external customers.

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, certain finance costs and share of (loss) profit 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 finance costs of HK$944,000 (Nil for the six months ended 30 September 2008) attributable to the finance lease service business.

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

Period ended 30 September 2009

	Financing service	**Loan guarantee service**	**Finance lease service**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Assets				
Segment assets	**1,023,430**	**198,347**	**83,067**	**1,304,844**
Interest in an associate				**57,527**
Unallocated assets				**531,556**
Total assets				**1,893,927**

Year ended 31 March 2009

	Financing service	Loan guarantee service	Finance lease service	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Segment assets	937,964	160,709	18,770	1,117,443
Interest in an associate				63,149
Unallocated assets				628,886
Total assets				1,809,478

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 operating segments other than properties held for sale, club debentures, consideration receivable from disposal of associates, dividend receivable from an associate, 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		**Discontinued operation**		**Consolidated**	
	1 April 2009 to 30 September 2009	1 April 2008 to 30 September 2008	**1 April 2009 to 30 September 2009**	1 April 2008 to 30 September 2008	**1 April 2009 to 30 September 2009**	1 April 2008 to 30 September 2008
	HK$'000 **(unaudited)**	*HK$'000* (unaudited)	***HK$'000*** **(unaudited)**	*HK$'000* (unaudited)	***HK$'000*** **(unaudited)**	*HK$'000* (unaudited)
Interest on:						
Bank and other borrowings	**6,761**	6,364	**–**	–	**6,761**	6,364
Convertible note	**3,319**	5,045	**–**	–	**3,319**	5,045
Redeemable convertible preference shares	**131**	115	**–**	–	**131**	115
	10,211	11,524	**–**	–	**10,211**	11,524
Allowance for bad and doubtful debts	**6,102**	6,117	**–**	–	**6,102**	6,117
Amortisation of intangible assets	**213**	213	**–**	–	**213**	213
Depreciation of plant and equipment	**2,276**	2,060	**–**	2	**2,276**	2,062
Interest income	**(2,066)**	(5,622)	**–**	(1)	**(2,066)**	(5,623)
Operating lease charges in respect of properties	**5,746**	5,676	**–**	–	**5,746**	5,676

5. TAXATION

	1 April 2009 to 30 September 2009	1 April 2008 to 30 September 2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The charge comprises:		
PRC Enterprise Income Tax	**19,386**	11,450
Deferred taxation	**562**	11,304
	19,948	22,754

The taxation charges of both periods have been derived from the continuing operations of the Group.

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

Deferred taxation has not been recognised in respect of the temporary differences attributable to the undistributable retained profits earned by the PRC subsidiaries amounting to HK$293,784,000 (31 March 2009: HK$219,063,000) starting from 1 January 2008 under the Law of the PRC Enterprise Income Tax that requires withholding tax upon the distribution of such profits to the shareholders as the directors are of the opinion that 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 be reversed in the foreseeable future.

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 issued by the Company.

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 exterior wall (the "Licensed Area") from the Licensor. 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 above condition was fulfilled and the Licence Agreement was terminated in November 2008. The disposal of the exterior walls was completed.

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

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

	1 April 2009 to 30 September 2009	1 April 2008 to 30 September 2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Direct outgoings	**–**	(22)
Other income	**–**	141
Other operating expenses	**–**	(199)
Loss for the period	**–**	(80)

During the six months ended 30 September 2008, the property leasing and development business utilised HK$80,000 (Nil for the six months ended 30 September 2009) of the Group's net operating cash flows.

7. DIVIDENDS

	1 April 2009 to 30 September 2009	1 April 2008 to 30 September 2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Dividends recognised as distribution and paid during the period:		
Final dividends of HK4 cents per share in respect of the year ended 31 March 2009	**106,783**	–

The directors do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2009 (Nil for the six months ended 30 September 2008).

8. EARNINGS PER SHARE

From continuing and discontinued operations

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

	1 April 2009 to 30 September 2009	1 April 2008 to 30 September 2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**60,416**	90,226
Effect of dilutive potential ordinary shares:		
Change in fair value of derivative component of convertible note	**–**	(10,610)
Interest on convertible note	**–**	5,045
Earnings for the purpose of diluted earnings per share	**60,416**	84,661

	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,669,563**	2,614,291
Effect of dilutive potential ordinary shares:		
Share options	**17,365**	19,482
Convertible note	**–**	125,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,686,928**	2,758,773

The calculation of diluted earnings per share for the six months ended 30 September 2009 did not include the effect of conversion of convertible note since the assumed exercise of the Company's outstanding convertible note would result in an increase in earnings per share.

From continuing operations

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

	1 April 2009 to 30 September 2009	1 April 2008 to 30 September 2008
	HK$'000 **(unaudited)**	*HK$'000* (unaudited)
Earnings:		
Profit for the period attributable to owners of the Company	**60,416**	90,226
Add: Loss for the period from discontinued operation	**–**	80
Earnings for the purpose of basic earnings per share from continuing operations	**60,416**	90,306
Effect of dilutive potential ordinary shares:		
Change in fair value of derivative component of convertible note	**–**	(10,610)
Interest on convertible note	**–**	5,045
Earnings for the purpose of diluted earnings per share from continuing operations	**60,416**	84,741

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

The calculation of diluted earnings per share for the six months ended 30 September 2009 did not include the effect of conversion of convertible note since the assumed exercise of the Company's outstanding convertible note would result in an increase in earnings per share.

From discontinued operation

Basic loss per share from discontinued operation for the six months ended 30 September 2008 was HK0.0031 cents (Nil for the six months ended 30 September 2009), based on the loss for the period from the discontinued operation of HK$80,000 (Nil for the six months ended 30 September 2009), and denominator detailed above.

9. ACCOUNT RECEIVABLES AND ADVANCES PROVIDED TO CUSTOMERS

	30 September 2009	31 March 2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Accounts receivables	**178,332**	106,796
Advances provided to customers	**661,073**	615,793
	839,405	722,589
Less: Allowance for bad and doubtful debts		
– account receivables	**(12,481)**	(5,488)
– advances provided to customers	**(22,278)**	(25,003)
	804,646	692,098

The following is an aging analysis of account receivables and advances provided to customers:

	30 September 2009	31 March 2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Outstanding balances aged:		
– within one month	**63,675**	129,323
– more than one month but less than three months	**110,362**	169,948
– more than three months but less than six months	**241,070**	155,883
– more than six months	**389,539**	236,944
	804,646	692,098

10. LIABILITIES ARISING FROM FINANCIAL GUARANTEE CONTRACTS

As at 30 September 2009, the Group provided financial guarantees of RMB3,437,090,000 equivalent to approximately HK$3,861,899,000 (31 March 2009: RMB2,510,018,000 equivalent to approximately HK$2,820,245,000) to customers under the loan guarantee service business. Liabilities arising from the loan guarantee service business represent the management's best estimate of the Group's liability based on prior experience and default history of the business.

While the global economy remained a concern during the first half year of 2009/10, the PRC government has implemented a number of economic stimulus policies to stimulate the economic growth in the PRC. These policies have bolstered the domestic demands which increased the need of consumers and SME financing services and thus offered the Group an opportunity of growing this business segment. However, in this uncertain period, the Group has set its priority to further strengthen the management of risk instead of aggressive business expansion. The Group aimed at building a strong foundation for a strategic growth when the global economy becomes more stable in the near future. Accordingly, the results of the Group for the six months ended 30 September 2009 had slightly declined due to the additional preventive measures imposed.

RESULTS AND DIVIDEND

Turnover of the Group for the six months ended 30 September 2009 was approximately HK$165,165,000, representing a decrease of 12% as compared to approximately HK$187,447,000 in the corresponding period of the preceding year. Profit after tax attributable to the owners of the Company was approximately HK$60,416,000, representing a decrease of 33% as compared to approximately HK$90,226,000 in the corresponding period of the preceding year. The decrease was mainly due to the drop in income from Rongzhong Group and the change in fair value of derivative component of convertible note.

Included in the profit after tax attributable to the owners for the six months ended 30 September 2009, there were some non-cash items which included, but not limited to, equity-settled share based payment expenses of HK$6,894,000 (for the six months ended 30 September 2008: HK$7,812,000), notional interest on zero coupon convertible note of HK$3,319,000 (for the six months ended 30 September 2008: HK$5,045,000) and notional interest on redeemable convertible preference shares of HK$131,000 (for the six months ended 30 September 2008: HK$115,000).

The Board did not recommend the payment of interim dividend in respect of the results for the six months ended 30 September 2009 (for the six months ended 30 September 2008: nil).

BUSINESS REVIEW

Rongzhong

The Group owns 71% equity interest in Rongzhong Group Limited ("Rongzhong") as at 30 September 2009. Rongzhong and its subsidiaries (collectively "Rongzhong Group") mainly engage in the provision of bridge financing, loan guarantee, finance lease and investment management services. For the six months ended 30 September 2009, Rongzhong Group had contributed a turnover of approximately HK$137,168,000 (for the six months ended 30 September 2008: HK$163,361,000), representing a decrease of 16%, which was mainly caused by the drop in loan guarantee service income as a result of the strengthened risk management policies.

In May and August 2007, the Group and Rongzhong entered into two loan agreements, pursuant to which the Group conditionally agreed to make available revolving loan facilities of HK$60 million and HK$500 million respectively to Rongzhong as general working capital at an interest rate of 16% per annum. As at 30 September 2009, the total outstanding loan amounted to HK$494,392,000 (31 March 2009: HK$524,161,000).

Currently, Rongzhong Group has established working relationship with the following banks:

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

1. *Bridge Financing*

Rongzhong Group first launched the bridge financing service in Wuhan, the PRC, in April 2006. Since then, such service has been extended to Chongqing, Chengdu, Jiangsu and Guangzhou.

Rongzhong Group provides different types of bridge financing service including but not limited to the provision of bridging loans for management buyout, and short term working capital financing for SME and property developers. As at 30 September 2009, Rongzhong Group had a gross loan portfolio of approximately HK$661,073,000 (31 March 2009: HK$615,793,000), representing an increase of 7%. This loan portfolio continues to achieve an attractive yield and contributing a turnover of approximately HK$110,424,000 (for the six months ended 30 September 2008: HK$93,960,000) to Rongzhong Group during the period, representing an increase of 18%.

With the extensive network established over the years, Rongzhong Group will continue expanding the bridge financing business to other mainland cities where and when opportunities arise. The priority will be given to those cities where we have been providing loan guarantee service, namely Hangzhou and Changsha.

2. *Loan Guarantee*

Rongzhong Group carries on loan guarantee business in seven cities in the PRC, namely Changsha, Chengdu, Chongqing, Wuhan, Guangzhou, Nanjing and Hangzhou. The principal activities are provision of loan guarantee and related services to individuals and SME against the following major loan types: (1) consumable purchase; (2) educational fund; (3) residential renovation; (4) mobile phones; (5) motor vehicle, (6) real estate property and (7) SME working capital.

For the six months ended 30 September 2009, Rongzhong Group had issued new loan guarantees at an aggregate amount of approximately RMB2.5 billion (for the six months ended 30 September 2008: RMB2.1 billion), representing an increase of 19%. However, income from loan guarantee service for the period was approximately HK$23,945,000 (for the six months ended 30 September 2008: HK$69,067,000), representing a drop of 65%. The decrease was mainly caused by the newly imposed preventive measure to slow down the business in loan guarantee against SME, a relatively higher risk sector but yielding attractive profit margin, during this uncertain period. This preventive measure will be reviewed periodically to determine its appropriateness in subsequent periods.

Guarantee income is recognized over the life of the guarantee contracts and, as at 30 September 2009, the deferred income amounted to approximately HK$44,400,000 (31 March 2009: HK$36,847,000) which would be recognized in the forthcoming three financial years.

3. *Finance Lease*

Rongzhong Group obtained a wholly-foreign owned leasing license from the Ministry of Commerce, the PRC, in April 2008 and launched its finance lease service through its wholly owned subsidiary, Rongzhong International Financial Leasing Co., Ltd. ("Rongzhong Finance Lease"), since August 2008. Rongzhong Finance Lease was established in Wuhan with an aim to serve customers across the PRC. Currently, its customers spanned over various provinces and cities of the PRC, including but not limited to Hubei, Hebei, Hunan, Tianjin, Hangzhou and Guangdong.

The finance lease business has recorded a significant growth since launched. As at 30 September 2009, the carrying value of finance lease receivable amounted to approximately HK$82,625,000 (31 March 2009: HK$18,478,000), representing an increase of 347%. For the six months ended 30 September 2009, the contributed turnover was approximately HK$2,799,000 (for the six months ended 30 September 2008: HK$334,000), representing an increase of 738%. Given the strong market demand of finance lease service in the PRC, the superb business network and the industry relationship of Rongzhong Group, Rongzhong Finance Lease will continue expanding its services to all quality customers in the PRC and is expected to be a stable income provider to the Group.

4. *Investment Management*

Rongzhong Group commenced offering investment management service in May 2008. As at 30 September 2009, there are two investment management companies established in Wuhan and Taizhou and one private equity fund (the "Fund") launched with mandates to seek and invest in quality venture companies in the respective region through debt and/or equity investment.

For the six months ended 30 September 2009, Rongzhong Group recognized fund management fee income of approximately HK$2,069,000 but bore a loss of approximately HK$14,000 from its investment in the Fund (for the six months ended 30 September 2008: HK$2,046,000 and profit of HK$1,792,000, respectively). Given the assertive approach to investment, the management of Rongzhong Group is confident that the current venture investments will eventually bear fruit for the Fund in the foreseeable future.

Famous Apex

In September 2007, Famous Apex Limited ("Famous Apex") entered into two loan agreements with Zhuhai Poly Sanhao Company Limited# (珠海市保利三好有限公司) ("Poly Sanhao") and Worldpro International Investment Limited ("Worldpro"), pursuant to which Famous Apex conditionally agreed to make available term loans of RMB100 million and RMB15 million to Poly Sanhao and Worldpro respectively. The loan of RMB100 million was secured by mortgages of the 85% equity interest in Zhuhai City China-King Real Estate Co., Ltd.# (珠海市中廣置業有限公司) and 51% equity interest in Poly Sanhao. The loan of RMB15 million was secured by the first fixed and floating charge on all assets owned by Worldpro and mortgage of the entire issued share capital of Worldpro. These loans were fully drawn in January 2008 and the first two instalments of RMB12 million and RMB18 million were subsequently paid as scheduled in January 2009 and July 2009, respectively.

On 11 August 2009, Famous Apex entered into an agreement (the "Agreement") with Poly Sanhao, Worldpro, and other relevant parties in relation to, among others, the settlement of the above loans. Pursuant to this Agreement, Poly Sanhao and Worldpro are obliged to settle these loans by way of three instalments in an aggregate amount of RMB128 million together with interest accrued thereon at a rate of 7.2% per annum commencing from 1 July 2009. As a prerequisite, Worldpro had made a repayment of RMB14 million to Famous Apex prior to entering into this Agreement. Although the terms of this Agreement would reduce the overall investment return from 33.3% per annum to 28.5% per annum, the management of the Group believes that such move can reduce the credit risk of these loans, improve the Group's liquidity position and enable the Group to apply the funding received from the early payments for other lending activities in order to generate additional return for the Group.

For the six months ended 30 September 2009, these loans contributed a turnover of approximately HK$27,997,000 (for the six months ended 30 September 2008: HK$24,086,000) to the Group, representing an increase of 16%.

Future plans

After implementing the economic stimulus packages by various countries, there are signs of global economic stabilization since the third quarter of 2009. The economy of the PRC even continues its growth dynamic and is expected to reach the growth target in 2009. With a strong foundation of risk management, extensive business network and comprehensive industrial knowledge, the Directors are of the view that the Group is likely to resume its growth potential in the near future. Priority will be given to growing bridge financing and finance lease services for which the market demands are also growing fast in the PRC. In term of business expansion, the Group will continue exploring new investment opportunities with an aim not only to provide full spectrum of financial services to customers, but also to create sustainable value to the shareholders of the Company.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 30 September 2009, the Group had outstanding bank borrowings of RMB170,000,000 (31 March 2009: RMB109,000,000) granted by several banks in the PRC and secured by the charges over the Group's and the minority shareholders' indirect interests in Rongzhong Investment Group Limited# (融眾投資集團有限公司) ("Rongzhong Investment") and Wuhan Rongzhong Pawn Shop Co., Ltd.# (武漢融眾典當有限公司), which are 71% owned subsidiaries of the Company. The Company, Rongzhong Investment and a director of the Company had given guarantees to a bank in securing the bank borrowing of not more than RMB100,000,000 (equivalent to approximately HK$112,360,000) in aggregate. The guarantee provided by the Company was in proportion to its 71% equity interest in the borrower. The banking facilities of RMB150,000,000 bore interest with reference to the rate offered by the People's Bank of China and the remaining facility bore fixed interest at 9% per annum. At present, the Group has not used any derivative to hedge against the interest rate risk exposure.

On 2 October 2007, the Company issued a convertible note with principal amount of HK$135,000,000 maturing on 2 October 2010 to a related company for acquisition of 20% issued share capital of Rongzhong. This note is interest free and convertible into ordinary shares at a conversion price of HK$1.08 per ordinary share, subject to adjustment upon occurrence of certain events. The value of this note was split into liability and derivative components and goodwill of HK$103,686,000 was recognized on the date of issuance. In December 2008, part of this note with a nominal value of HK$54,000,000 was converted into 50,000,000 ordinary shares at HK$1.08 each. On 9 October 2009, the balance of this note with a nominal value of HK$81,000,000 was converted into 75,000,000 ordinary shares at HK$1.08 each. As at 30 September 2009, the fair values of the liability and the derivative components were at HK$73,887,000 and HK$1,091,000 (31 March 2009: HK$70,568,000 and HK$1,964,000), respectively. A gain on change in fair value of derivative component of HK$873,000 (for the six months ended 30 September 2008: HK$10,610,000) was recorded during the period under review.

The Group has always maintained strong liquidity position. As at 30 September 2009, the aggregate amount of cash, bank balances and short term bank deposits was approximately HK$481,239,000 (31 March 2009: HK$579,852,000) and the net debt to equity ratio was analyzed as follows:

	30 September 2009	31 March 2009
	HK$'000	*HK$'000*
Debt *(Note a)*	**191,011**	122,472
Cash and cash equivalents	**(396,667)**	(495,083)
Net debt	**(205,656)**	(372,611)
Equity *(Note b)*	**1,333,403**	1,367,502
Net debt to equity ratio *(Note c)*	**N/A**	N/A

Notes:

(a) Debt comprises bank borrowings.

(b) Equity includes all capital, reserves and minority interests of the Group.

(c) Not applicable as no net debt as at 30 September 2009 and 31 March 2009.

Taking into account the financial resources available to the Group, including internally generated funds and available banking facilities, the Group has sufficient working capital to meet its present requirements.

Effect on Exchange Rate Fluctuation

The Group's transactions, monetary assets and liabilities are principally denominated in Hong Kong dollars, United States dollars and Renminbi ("RMB"). On 1 July 2007, the Group adopted RMB as its functional currency since the major operations of the Group are carried out in the PRC, and are transacted and recorded in RMB. Accordingly, the exchange rate risk exposure to the Group is considered minimal and, at present, no derivative instrument is used by the Group to hedge against any exchange rate risk exposure.

Charges on the Group's Assets

As at 30 September 2009, the Group's banking facilities were granted by several banks in the PRC and secured by the following:

(a) a charge over the Group's and the minority shareholders' indirect interests in Rongzhong Investment;

(b) a charge over the Group's and the minority shareholders' indirect interests in Wuhan Rongzhong Pawn Shop Co., Ltd.; and

(c) the properties held for sale of the Group with an aggregate carrying value of RMB8,010,000 (31 March 2009: RMB8,010,000) equivalent to approximately HK$9,000,000 (31 March 2009: HK$9,000,000). As at 30 September 2009, this facility was not utilized.

As at 30 September 2009, the guarantee facilities granted to the Group were secured by the security deposits in an aggregate of approximately HK$135,398,000 (31 March 2009: HK$105,302,000).

CONTINGENT LIABILITIES

As at 30 September 2009, the Group had contingent liabilities of RMB3,437,090,000, equivalent to approximately HK$3,861,899,000 (31 March 2009: RMB2,510,018,000, equivalent to approximately HK$2,820,245,000) in relation to the provision of loan guarantee service in the PRC. At the balance sheet date, an amount of RMB8,702,000, equivalent to approximately HK$9,778,000 (31 March 2009: RMB6,150,000, equivalent to approximately HK$6,910,000) has been recognized in the condensed consolidated statement of financial position as liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2009, the Group's total number of staff was approximately 600 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.

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 2009/10 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, Vincent, Mr. Kee Wah Sze, Mr. Xie Xiao Qing and Miss 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
Wong Yu Lung, Charles
Chief Executive Officer

Hong Kong, 9 December 2009

For identification purpose only