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 2008

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 2008 (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 INCOME STATEMENT

For the six months ended 30 September 2008

	Notes	**1 April 2008 to 30 September 2008** *HK$'000* **(unaudited)**	1 April 2007 to 30 September 2007 *HK$'000* (unaudited)
Continuing operations			
Turnover	*3*	**187,447**	59,281
Other income		**10,791**	13,037
Change in fair value of derivative component of convertible note		**10,610**	–
Gain on disposal of associates		**–**	33,059
Staff costs		**(33,034)**	(25,590)
Other operating expenses		**(34,146)**	(19,969)
Share of profits of associates		**1,792**	4,218
Finance costs		**(11,524)**	(13,527)
Profit before taxation	*4*	**131,936**	50,509
Taxation	*5*	**(22,754)**	(1,965)
Profit for the period from continuing operations		**109,182**	48,544
Discontinued operation	*6*		
(Loss) profit for the period from discontinued operation		**(80)**	24,298
Profit for the period		**109,102**	72,842
Attributable to:			
Equity holders of the Company		**90,226**	98,481
Minority interests		**18,876**	(25,639)
		109,102	72,842
Earnings per share	*8*		
From continuing and discontinued operations			
– Basic		**3.45 cents**	4.86 cents
– Diluted		**3.07 cents**	4.00 cents
From continuing operations			
– Basic		**3.45 cents**	3.66 cents
– Diluted		**3.07 cents**	3.04 cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2008

	Notes	30 September 2008	31 March 2008
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Non-current assets			
Plant and equipment		**9,115**	9,491
Consideration receivable from disposal of associates		**12,721**	12,465
Deposit		**11,236**	–
Interest in an associate		**57,971**	–
Goodwill		**103,686**	103,686
Intangible assets		**2,302**	2,459
Loan receivables		**150,443**	124,954
Finance lease receivables		**5,441**	–
Club debentures		**16,545**	16,181
		369,460	269,236
Current assets			
Properties held for sale		**9,000**	8,802
Account receivables and advances provided to customers	*9*	**938,231**	697,345
Prepayments and deposits		**10,847**	25,501
Finance lease receivables		**2,033**	–
Security deposits		**77,060**	67,097
Bank balances and cash		**334,442**	429,592
		1,371,613	1,228,337
Non-current assets classified as held for sale		**15,000**	15,000
		1,386,613	1,243,337
Current liabilities			
Amount due to an associate		**23,034**	–
Other payables and accrued charges		**125,466**	132,303
Taxation		**16,399**	10,460
Bank and other borrowings		**187,078**	109,890
Liabilities arising from financial guarantee contracts	*10*	**5,787**	4,043
		357,764	256,696
Liabilities associated with non-current assets classified as held for sale		**15,000**	15,000
		372,764	271,696
Net current assets		**1,013,849**	971,641
		1,383,309	1,240,877

	30 September 2008	31 March 2008
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Capital and reserves		
Share capital	**261,796**	259,796
Reserves	**889,379**	777,102
Equity attributable to equity holders of the Company	**1,151,175**	1,036,898
Minority interests	**98,005**	77,045
Total equity	**1,249,180**	1,113,943
Non-current liabilities		
Customer deposit	**1,341**	–
Convertible note	**119,791**	125,356
Redeemable convertible preference shares	**1,693**	1,578
Deferred taxation	**11,304**	–
	134,129	126,934
	1,383,309	1,240,877

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 investment properties and certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of the Group for the year ended 31 March 2008. In addition, the following new accounting policy has been adopted:

The Group as lessor under finance lease

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

In the current interim period, the Group has applied, for the first time, new amendments and interpretations issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2008.

The adoption of these new amendments and interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), amendments of Hong Kong Accounting Standards ("HKASs") or interpretations ("INTs") that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKAS 1 (Revised)	Presentation of financial statements [2]
HKAS 23 (Revised)	Borrowing costs [2]
HKAS 27 (Revised)	Consolidated and separate financial statements [3]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [2]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate [2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [2]
HKFRS 3 (Revised)	Business combinations [3]
HKFRS 8	Operating segments [2]
HK(IFRIC) – INT 13	Customer loyalty programmes [4]
HK(IFRIC) – INT 15	Agreements for the construction of real estate [2]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation [5]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 January 2009.
3 Effective for annual periods beginning on or after 1 July 2009.
4 Effective for annual periods beginning on or after 1 July 2008.
5 Effective for annual periods beginning on or after 1 October 2008.

* IFRIC represents the International Financial Reporting Interpretations Committee.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

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

3. SEGMENT INFORMATION

The Group comprises the following main business segments:

(a) Provision of loan guarantee services;

(b) Provision of financing services;

(c) Provision of investment consultancy, financial consultancy and management services; and

(d) Provision of finance lease services.

The property leasing and development segment was discontinued in 2007.

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

Six months ended 30 September 2008

	Continuing operations					Discontinued operation	
	Loan guarantee services	Financing services	Consultancy and management services	Finance lease services	Total	Property leasing and development	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	69,067	73,441	44,605	334	187,447	–	187,447
Segment results	30,931	63,094	41,706	42	135,773	(81)	135,692
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					(5,160)	–	(5,160)
Share of profits of an associate	–	1,792	–	–	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

Six months ended 30 September 2007

	Continuing operations					Discontinued operation	
	Loan guarantee services	Financing services	Consultancy and management services	Finance lease services	Total	Property leasing and development	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	25,202	28,044	6,035	–	59,281	2,792	62,073
Segment results	3,997	14,423	5,394	–	23,814	1,179	24,993
Gain on disposal of property leasing and development business					–	24,453	24,453
Investment income					11,492	223	11,715
Gain on disposal of associates	–	–	33,059	–	33,059	–	33,059
Unallocated corporate expenses					(18,928)	–	(18,928)
Finance costs					(3,146)	(685)	(3,831)
Share of profits of associates	–	–	4,218	–	4,218	–	4,218
Share of losses of jointly controlled entities					–	(772)	(772)
Profit before taxation					50,509	24,398	74,907
Taxation					(1,965)	(100)	(2,065)
Profit for the period					48,544	24,298	72,842

4. PROFIT BEFORE TAXATION

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

	Continuing operations		Discontinued operation		Consolidated	
	1 April 2008 to 30 September 2008	1 April 2007 to 30 September 2007	**1 April 2008 to 30 September 2008**	1 April 2007 to 30 September 2007	**1 April 2008 to 30 September 2008**	1 April 2007 to 30 September 2007
	HK$'000 **(unaudited)**	*HK$'000* (unaudited)	***HK$'000*** **(unaudited)**	*HK$'000* (unaudited)	***HK$'000*** **(unaudited)**	*HK$'000* (unaudited)
Interest on:						
Bank loans and other borrowings	**6,364**	10,466	**–**	685	**6,364**	11,151
Convertible notes	**5,045**	2,962	**–**	–	**5,045**	2,962
Redeemable convertible preference shares	**115**	99	**–**	–	**115**	99
	11,524	13,527	**–**	685	**11,524**	14,212
Allowance for bad and doubtful debts	**6,117**	–	**–**	–	**6,117**	–
Amortisation of intangible assets	**213**	–	**–**	–	**213**	–
Depreciation	**2,060**	977	**2**	2	**2,062**	979
Gain on disposal of investment properties	**–**	–	**–**	(4,818)	**–**	(4,818)
Gain on disposal of jointly controlled entity	**–**	–	**–**	(19,635)	**–**	(19,635)
Gain on disposal of associates	**–**	(33,059)	**–**	–	**–**	(33,059)
Interest income	**(5,622)**	(11,492)	**(1)**	(223)	**(5,623)**	(11,715)
Operating lease charges in respect of properties	**5,676**	3,632	**–**	–	**5,676**	3,632

5. TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	1 April 2008 to 30 September 2008	1 April 2007 to 30 September 2007	**1 April 2008 to 30 September 2008**	1 April 2007 to 30 September 2007	**1 April 2008 to 30 September 2008**	1 April 2007 to 30 September 2007
	HK$'000 **(unaudited)**	*HK$'000* (unaudited)	***HK$'000*** **(unaudited)**	*HK$'000* (unaudited)	***HK$'000*** **(unaudited)**	*HK$'000* (unaudited)
The charge comprises:						
Hong Kong Profits Tax	**–**	–	**–**	4,627	**–**	4,627
PRC Enterprise Income Tax	**11,450**	1,965	**–**	–	**11,450**	1,965
	11,450	1,965	**–**	4,627	**11,450**	6,592
Deferred taxation	**11,304**	–	**–**	(4,527)	**11,304**	(4,527)
	22,754	1,965	**–**	100	**22,754**	2,065

Hong Kong Profits Tax has been calculated at 16.5% (17.5% for the six months ended 30 September 2007) of the estimated assessable profit for the period. On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current tax for the six months ended 30 September 2008.

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

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations have changed the tax rate to 25% for certain subsidiaries from 1 January 2008.

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$148,039,000 (31 March 2008: HK$16,808,000) starting from 1 January 2008 under the New Law of Mainland China 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 reverse 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 at a monthly licence fee of HK$108,333 for the first 12 months, payable in advance in one total sum of HK$1,300,000 upon signing of this Licence Agreement, commencing from the date of signing of the Licence Agreement (the "First Year Term") and at a monthly licence fee of HK$119,166 for the next 12 months, payable in advance on the first day of each calendar month, following the First Year Term (the "Second Year Term"). Apex Honour Limited and Perfect Manor Limited are wholly owned subsidiaries of the Company.

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

In addition, (i) upon expiry of the Second Year Term if the Installation has not been completed or (ii) at anytime when the Licensee is in breach of the Licence Agreement and at the time of such breach, the Installation has not been completed, the Licensor shall have the right to require the Licensee to purchase the exterior wall from the Licensor at a total consideration of HK$15,000,000 (the "Put Option"). In the opinion of the directors, the Installation is expected to be completed within one year from 30 September 2008 and exercise of the Put Option is remote.

Since the above condition has not been fulfilled up to 30 September 2008, the disposal of the exterior walls was not yet completed. The exterior wall was classified as assets classified as held for sale. Prior to 30 September 2008, the Licensee has provided a 60 days' prior written notice to the Licensor to terminate the License Agreement upon the completion of the Installation. The termination has been effective from 13 November 2008.

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

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

The major classes of assets and liabilities comprising the property leasing and development business as at 30 September 2008 are as follows:

	30 September 2008	31 March 2008
	HK$'000	*HK$'000*
Assets classified as held for sale		
Investment properties	**15,000**	15,000
Liabilities associated with assets classified as held for sale		
Other payables and accrued charges	**15,000**	15,000

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

	1 April 2008 to 30 September 2008	1 April 2007 to 30 September 2007
	HK$'000	*HK$'000*
Loss of property leasing and development business for the period	**(80)**	(155)
Gain on disposal of property leasing and development business	**–**	24,453
	(80)	24,298

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

	1 April 2008 to 30 September 2008	1 April 2007 to 30 September 2007
	HK$'000	*HK$'000*
Turnover	**–**	2,792
Direct outgoings	**(22)**	(155)
Other income	**141**	395
Other operating expenses	**(199)**	(1,630)
Share of losses of jointly controlled entities	**–**	(772)
Finance costs	**–**	(685)
Loss before taxation	**(80)**	(55)
Taxation	**–**	(100)
Loss for the period	**(80)**	(155)

During the Period, the property leasing and development business utilised HK$80,000 (contributed HK$1,402,000 for the six months ended 30 September 2007) to the Group's net operating cash flows. The property leasing and development business also utilised HK$685,000 in respect of financing activities for the six months ended 30 September 2007 (for the six months ended 30 September 2008: Nil).

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

	HK$'000
Net assets disposed of	
Investment properties	510,000
Interest in jointly controlled entities	96,199
Amount due from a jointly controlled entity	13,086
Liabilities arising from financial guarantee contracts	(480)
	618,805
Realisation of translation reserve	(3,591)
Expenses incurred	662
Gain on disposal	24,453
Total consideration satisfied by cash	640,329

7. DIVIDENDS

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

8. EARNINGS PER SHARE

From continuing and discontinued operations

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

	1 April 2008 to 30 September 2008	1 April 2007 to 30 September 2007
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to equity holders of the Company)	**90,226**	98,481
Effect of dilutive potential ordinary shares:		
Change in fair value of derivative component of convertible note	**(10,610)**	–
Interest on convertible notes	**5,045**	2,962
Earnings for the purpose of diluted earnings per share	**84,661**	101,443
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,614,291**	2,025,090
Effect of dilutive potential ordinary shares:		
Share options	**19,482**	80,459
Convertible notes	**125,000**	432,281
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,758,773**	2,537,830

From continuing operations

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

	1 April 2008 to 30 September 2008	1 April 2007 to 30 September 2007
	HK$'000	*HK$'000*
Earnings:		
Profit for the period attributable to equity holders of the Company	**90,226**	98,481
Add: Loss (profit) for the period from discontinued operation	**80**	(24,298)
Earnings for the purpose of basic earnings per share from continuing operations	**90,306**	74,183
Effect of dilutive potential ordinary shares:		
Change in fair value of derivative component of convertible note	**(10,610)**	–
Interest on convertible notes	**5,045**	2,962
Earnings for the purpose of diluted earnings per share from continuing operations	**84,741**	77,145

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

From discontinued operation

Basic loss per share from discontinued operation for the six months ended 30 September 2008 is HK0.0031 cents, based on the loss for the period from the discontinued operation of HK$80,000, and denominator detailed above. The diluted loss per share for the six months ended 30 September 2008 is HK0.0029 cents, which is anti-dilutive.

Basic earnings per share and diluted earnings per share from discontinued operation for the six months ended 30 September 2007 were HK1.20 cents and HK0.96 cents respectively, based on the profit from the discontinued operation of HK$24,298,000 and denominators detailed above for both basic and diluted earnings per share.

9. ACCOUNT RECEIVABLES AND ADVANCES PROVIDED TO CUSTOMERS

	30 September 2008	31 March 2008
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Accounts receivables	**114,513**	85,103
Advances provided to customers	**843,172**	625,238
	957,685	710,341
Less: Allowance for bad and doubtful debts		
– account receivables	**(4,704)**	(768)
– advances provided to customers	**(14,750)**	(12,228)
	938,231	697,345

The following is an aging analysis of account receivables and advances provided to customers as of the balance sheet date:

	30 September 2008	31 March 2008
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Outstanding balances aged:		
– within one month	**110,211**	257,516
– more than one month but less than three months	**386,570**	167,043
– more than three months	**441,450**	272,786
	938,231	697,345

10. LIABILITIES ARISING FROM FINANCIAL GUARANTEE CONTRACTS

As at 30 September 2008, the Group provided financial guarantees of RMB1,870,082,000 equivalent to approximately HK$2,101,216,000 (31 March 2008: RMB1,276,074,000 equivalent to approximately HK$1,402,279,000) to customers under the financial guarantee business. Liabilities arising from the financial guarantee business represent the management's best estimate of the Group's liability based on prior experience and default history of the business.

During the six months ended 30 September 2008, Rongzhong Group Limited ("Rongzhong"), the Group's 71% owned subsidiary, and its subsidiaries (collectively "Rongzhong Group") had extended its business line to provide finance lease services to customers since August 2008. In May 2008, Rongzhong Group launched a private equity fund with several business partners in the PRC to capture the potential investment opportunities of the PRC debt and capital market. Together with the steady economic growth in the PRC, strong business network and effective risk management strategy of the Group, all of these moves have made a positive contribution to the result of the Group during the period despite of the recent global financial crisis.

RESULTS AND DIVIDEND

Turnover of the Group for the six months ended 30 September 2008 was approximately HK$187,447,000 (for the six months ended 30 September 2007: HK$62,073,000), an increase of 202% over the same period of last year. The increase was mainly contributed by the increase in income from providing financial services to customers in the PRC. Profit after tax attributable to the equity holders of the Company was approximately HK$90,226,000, representing a decrease of 8.4% as compared to approximately HK$98,481,000 in the corresponding period in 2007. The decrease was mainly due to several exceptional events which were the gain on disposal of associates of HK$33,059,000, the gain on disposal of property leasing and development business of HK$24,453,000 and the reallocation of accumulated losses of HK$34,093,000 to minority interests resulting from the subscription of additional shares of Rongzhong by minority shareholders in 2007, and the change in fair value of derivative component of convertible note of HK$10,610,000 in the current period. Net of the effect of these exceptional events, the profit after tax attributable to equity holders of the Company had gone up by 1,058%.

Included in the profit after tax attributable to the equity holders for the six months ended 30 September 2008, there were some non-cash items which included, but not limited to, notional interest on zero coupon convertible notes of HK$5,045,000 (for the six months ended 30 September 2007: HK$2,962,000), notional interest on redeemable convertible preference shares of HK$115,000 (for the six months ended 30 September 2007: HK$99,000) and equity-settled share based payment expenses of HK$7,812,000 (for the six months ended 30 September 2007: HK$2,690,000).

The Board did not recommend the payment of dividend in respect of the results for the six months ended 30 September 2008 (for the six months ended 30 September 2007: nil).

BUSINESS REVIEW

Rongzhong

The Group has 71% equity interest in Rongzhong as at 30 September 2008. For the six months ended 30 September 2008, Rongzhong Group contributed a turnover of approximately HK$163,361,000 (for the six months ended 30 September 2007: HK$56,706,000). Guarantee income is recognized over the life of the guarantee contracts and, as at 30 September 2008, the deferred income amounted to approximately HK$37,362,000 which was to be recognized in the forthcoming three financial years.

As a result of the continuous promotion on domestic spending (versus exports) by the PRC government and its strict control towards the overheated stock and property market, bank borrowing became strenuous. Hence, the demand for bridge financing grew tremendously which created an opportunity for the Group to grow.

In May and August 2007, the Group entered into two loan agreements with Rongzhong, pursuant to which the Group conditionally agreed to advance a HK$60 million and a HK$500 million revolving loan facility respectively to Rongzhong as general working capital at an interest rate of 16% per annum. As at 30 September 2008, the total outstanding loan amounted to HK$497,104,000.

1. *Loan Guarantee*

Rongzhong Group carries on loan guarantee business in seven cities in the PRC, namely Changsha, Chengdu, Chongqing, Wuhan, Guangzhou, Nanjing and Hangzhou, principally engaging in the provision of guarantee and related services for individuals in relation to the following major types of loans: (1) consumable purchase; (2) educational fund; (3) residential renovation; (4) mobile phones; (5) motor vehicle; (6) real estate property and (7) SME working capital. The total guarantee amount of Rongzhong Group issued in the period under review amounted to approximately RMB2,085,179,000 (for the six months ended 30 September 2007: RMB1,961,938,000). Currently, Rongzhong Group has established working relationship with the following banks:

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

2. *Bridge Financing*

Rongzhong Group first launched the bridge financing services in Wuhan, the PRC, in April 2006. Since then, such services have been extended to serve customers in Chongqing, Chengdu and Jiangsu. In November 2008, it commenced to offer such services to customers in Guangzhou.

Rongzhong Group provides different types of bridge financing services including but not limited to the provision of bridging loans for management buyout, to SME and property developers for short term working capital needs. As at 30 September 2008, Rongzhong Group maintained a gross loan portfolio of approximately HK$843,172,000 (31 March 2008: HK$625,238,000). This loan portfolio continues to achieve an attractive yield.

Rongzhong Group will continue expanding the bridge financing business to other mainland cities when opportunities arise. To fully utilize our extensive network throughout the many platforms we had built over the years, Rongzhong Group intends to further expand into locations which we had been providing guarantee services, namely: Hangzhou and Changsha.

3. *Consultancy and Management Services*

In 2007, Rongzhong Group established business consultancy division to provide advisory services on investment, financing and financial management to customers in the PRC. For the six months ended 30 September 2008, these services contributed a turnover of approximately HK$44,605,000 (for the six months ended 30 September 2007: HK$6,035,000) to the Group.

4. *Finance Lease*

In April 2008, Rongzhong Group was granted a wholly-foreign owned leasing licence by the Ministry of Commerce in the PRC. In August 2008, Rongzhong International Finance Lease Limited (融眾國際融資租賃有限公司) first launched its finance lease service in Wuhan, the PRC, contributing a turnover of approximately HK$334,000 for the six months ended 30 September 2008. The Board believes that the leasing licence can further complement our existing service portfolio and can provide stable income source in the foreseeable future by capitalizing on Rongzhong Group's business network, financing backing and industry relationships.

5. *Private Equity Fund*

Launched in May 2008, Wuhan Rongzhong Growth Fund (武漢融眾高成長投資中心) ("Growth Fund") is a private equity fund seeking opportunities for investment primarily in the PRC where Rongzhong's operating expertise and sector knowledge can guide the strategic direction of its portfolio and create sustainable value. As at 30 September 2008, the fully paid-up capital was approximately RMB183 million in which Rongzhong Group has 27.34% equity interest contributing a profit after tax of approximately HK$1,792,000 to the Group during the period under review.

Famous Apex

In September 2007, Famous Apex Limited ("Famous Apex") entered into two loan agreements with Zhuhai Poly Sanhao Company Limited# ("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 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. The loans were fully drawn in January 2008 and collectively provide the Group with a potential investment return of over 33% per annum for a term of three years. For the six months ended 30 September 2008, the loans contributed a turnover of approximately HK$24,086,000 (for the six months ended 30 September 2007: nil) to the Group.

Future plans

Although the income and profitability levels of the Group remained satisfactory during the period under review, the market condition in the foreseeable future will be challenging as a result of the unstable financial markets and the risk of economic downturn. The demand for SME loans and bridge financing in future period is expected to increase sharply and that is a good opportunity for the Group to capture more market share in this segment. The Group will continue to be conservative in developing new business in order to maintain the existing quality of the loan portfolio. In term of business expansion, the Group will continue to explore new investment opportunities with an aim to provide full spectrum of financial and business consultancy services to customers.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 30 September 2008, the Group had outstanding bank borrowings of RMB135,000,000 (31 March 2008: RMB100,000,000) granted by several banks in the PRC and secured by the properties held for sale and the charges over the Group's and the minority shareholders' indirect interests in 融眾投資集團有限公司 (Rongzhong Investment Group Limited) ("Rongzhong Investment"), a subsidiary of the Company. The Company, Rongzhong Investment and a director of the Company had given guarantees to a bank to secure a 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. Besides, Rongzhong Investment had given guarantee to another bank to secure another bank borrowing of not more than RMB9,000,000 (equivalent to approximately HK$10,112,000) in aggregate. All these banking facilities bore interest with reference to the rate offered by the People's Bank of China. In addition, the Group had other unsecured borrowings of RMB31,500,000 (31 March 2008: nil) bearing interest from 2% to 2.8% per month.

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 a principal amount of HK$135,000,000 to a related company with a maturity date on 2 October 2010 for the acquisition of an additional 20% issued share capital of Rongzhong. The note is interest free and may be converted into ordinary shares at a conversion price of HK$1.08 per ordinary share, subject to adjustment upon the occurrence of certain events. A goodwill of HK$103,686,000 was recognized. The convertible note was split into liability and derivative components. As at 30 September 2008, the liability component amounted to HK$112,331,000 and the fair value of derivative component amounted to HK$7,460,000. A gain on change in fair value of derivative component of HK$10,610,000 was recorded during the period under review.

The Group had maintained adequate liquidity with cash and bank balances of HK$334,442,000 (31 March 2008: HK$429,592,000). The net debt to equity ratio as at 30 September 2008 was as follows:

	30 September 2008	31 March 2008
	HK$'000	*HK$'000*
Debt *(Note a)*	**187,078**	109,890
Cash and cash equivalents	**(334,442)**	(429,592)
Net debt	**(147,364)**	(319,702)
Equity *(Note b)*	**1,249,180**	1,113,943
Net debt to equity ratio *(Note c)*	**N/A**	N/A

Notes:

(a) Debt comprises bank and other borrowings.

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

(c) Not applicable as no net debt as at 30 September 2008 and 31 March 2008.

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

Since 1 July 2007, the functional currency of the Company and Rongzhong Group has changed from Hong Kong dollars to Renminbi ("RMB") because the majority of their operations are in the PRC. As a result, most of the gain on the translation of RMB assets under the sustaining appreciation of exchange rate for RMB were recorded in the translation reserve. Accordingly, the balance of translation reserve had increased by HK$12,053,000 during the period under review.

The Group's transactions, monetary assets and liabilities are principally denominated in Hong Kong dollars, United States dollars and RMB. The major operations of the Group were transacted and recorded in RMB and did not subject to material exposure on exchange rate fluctuation. At present, the Group has not used any derivative to hedge against the exchange rate risk exposure.

Charges on the Group's Assets

As at 30 September 2008, the Group executed a floating charge over the interest in subsidiaries and certain assets of Rongzhong with an aggregate carrying value of HK$489,661,000 and HK$167,537,000 respectively (31 March 2008: HK$489,661,000 and HK$70,476,000) in favour of a bank for banking facilities granted. As at 30 September 2008, none of the facilities was utilized (31 March 2008: nil).

As at 30 September 2008, the guarantee facilities granted to the Group were secured by the security deposits in an aggregate of approximately HK$77,060,000 (31 March 2008: HK$67,097,000).

CONTINGENT LIABILITIES

As 30 September 2008, the Group had contingent liabilities of RMB1,870,082,000, equivalent to approximately HK$2,101,216,000 (31 March 2008: RMB1,276,074,000 equivalent to approximately HK$1,402,279,000) in relation to the provision of the financial guarantee services in the PRC. As at the balance sheet date, an amount of RMB5,150,000, equivalent to approximately HK$5,787,000 (31 March 2008: RMB3,679,000, equivalent to approximately HK$4,043,000) has been recognised in the condensed consolidated balance sheet as liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2008, the Group's total number of staff was approximately 580 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 2008/09 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. Lan Ning, 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, 11 December 2008

\# *For identification purpose only*