THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers or this Composite Document or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Goldbond Group Holdings Limited, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or the transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s). This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Offers.

Allied Luck Trading Limited

(Incorporated in the British Virgin Islands with limited liability)

Goldbond Group Holdings Limited

金榜集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 172)

CONDITIONAL MANDATORY GENERAL CASH OFFERS BY TAIFOOK SECURITIES COMPANY LIMITED ON BEHALF OF ALLIED LUCK TRADING LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN, AND TO CANCEL ALL OUTSTANDING OPTIONS OF, GOLDBOND GROUP HOLDINGS LIMITED (OTHER THAN THOSE SHARES AND OPTIONS ALREADY OWNED OR AGREED TO BE ACQUIRED BY ALLIED LUCK TRADING LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

Financial Adviser to Allied Luck Trading Limited

taifook

TAIFOOK CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee of Goldbond Group Holdings Limited

VINCO 域高

Grand Vinco Capital Limited

A letter from Taifook Securities Company Limited containing, among other things, details of the Offers are set out on pages 7 to 15 of this Composite Document.

A letter from the Board is set out on pages 16 to 19 of this Composite Document.

A letter from the Independent Board Committee to the Independent Shareholders and the Independent Optionholders, containing its recommendation in respect of the Offers, is set out on pages 20 to 21 of this Composite Document.

A letter from Grand Vinco Capital Limited, containing its advice to the Independent Board Committee in respect of the Offers, is set out on pages 22 to 40 of this Composite Document.

The procedures for acceptance of the Offers and related information are set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptances of the Share Offer should be received by the share registrar and transfer office of Goldbond Group Holdings Limited, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and acceptances of the Option Offer should be received by the Company at Units 1901-06, 19th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong, by no later than 4:00 p.m. on 13 May 2008 or such later time(s) and/or date(s) as Allied Luck Trading Limited may determine and announce in accordance with the requirements of the Takeovers Code.

22 April 2008

CONTENTS

	2008
Despatch date of this Composite Document and the commencement of the Offers	22 April
Latest time and date for acceptance of the Offers on the First Closing Date *(Note 1)*	4:00 p.m. on 13 May
First Closing Date *(Note 1)*	13 May
Announcement of the results of the Offers as at the First Closing Date to be posted on the Stock Exchange's website *(Note 1)*	by 7:00 p.m. on 13 May
Latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances received on or before 4:00 p.m. on the First Closing Date assuming the Offers become or are declared unconditional on the First Closing Date *(Note 2)*	23 May
Latest time and date for acceptance of the Offers assuming the Offers become or are declared unconditional on the First Closing Date *(Note 3)*	4:00 p.m. on 27 May
Latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances received on or before 4:00 p.m. on 27 May 2008 *(Note 2)*	6 June
Latest time and date by which the Offers can be declared unconditional *(Note 4)*	7:00 p.m. on 23 June

Notes:

1. The latest time to receive acceptances under the Offers, which are conditional as to acceptances, will be 4:00 p.m. on 13 May 2008 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror will issue an announcement on the Stock Exchange's website by 7:00 p.m. on the First Closing Date stating the results of the Offers and whether the Offers have been revised or extended, have expired or have become or been declared unconditional. In any announcement of an extension of the Offers, either the next closing date must be stated or, if the Offers are unconditional as to acceptances, a statement may be made that the Offers will remain open until further notice. In any event, where the Offers become or are declared unconditional, the Offers will remain open for acceptance for not less than 14 days thereafter in accordance with the Takeovers Code.

2. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in case of the Share Offer) payable for the Shares and the Options tendered under the Offers will be posted to the accepting Independent Shareholders and Independent Optionholders by ordinary post at their own risk as soon as possible but in any event within 10 days of the later of the date of receipt by the Registrar (for the Share Offer) or the Company (for the Option Offer), as the case may be, of duly completed acceptance, or the Unconditional Date.

3. Assuming the Offers become unconditional on the First Closing Date, it should remain open for acceptance for not less than 14 days in accordance with the Takeovers Code.

4. In the event that the Share Offer has not been declared or has not become unconditional as to acceptances on or before 23 June 2008, being the next Business Day immediately following the 60th day after posting of this Composite Document which is not a Business Day, the Offers will lapse unless the Executive consents to a later date.

All time and date references contained in this Composite Document refer to Hong Kong time and date.

DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise:

"Ace Solomon"	Ace Solomon Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which was owned as to 89% by Mr. Kee and as to 11% by Mr. Wong immediately before completion of the Acquisitions, and was owned as to 50% by Allied Golden and as to 50% by Aceyork immediately after completion of the Acquisitions and as at the Latest Practicable Date. Ace Solomon was interested in approximately 19.70% of the total issued share capital of the Company immediately before completion of the Acquisitions and the Exercise, and was interested in approximately 19.58% of the total issued share capital of the Company immediately after completion of the Acquisitions and the Exercise and as at the Latest Practicable Date
"Aceyork"	Aceyork Investment Limited, an investment holding company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Ms. Michelle Wong
"Acquisitions"	the acquisition of 11% and 39% equity interests in Ace Solomon from Mr. Wong and Mr. Kee respectively by Allied Golden and the acquisition of the other 50% equity interests in Ace Solomon from Mr. Kee by Aceyork on 26 March 2008
"acting in concert"	has the meaning ascribed thereto in the Takeovers Code
"Allied Golden"	Allied Golden Investment Limited, an investment holding company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Ms. Jacqueline Wong
"Announcement"	the announcement dated 1 April 2008 jointly issued by the Company and the Offeror in relation to the Acquisitions and the Offers
"Board"	the board of Directors

"Business Day"	a day on which the Stock Exchange is open for the transaction of business
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
"Company"	Goldbond Group Holdings Limited (Stock code: 172), a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
"Composite Document"	this composite offer and response document dated 22 April 2008 jointly issued by the Offeror and the Company in relation to the Offers
"Convertible Note"	the non-transferable convertible note issued on 2 October 2007 by the Company to YHIL in the principal amount of HK$135 million carrying rights to convert into new Shares at the conversion price of HK$1.08 per Share (subject to adjustments) with (i) HK$54 million convertible on any business day (as defined therein) from the first anniversary of 2 October 2007 up to the business day immediately prior to the second anniversary of 2 October 2007; and (ii) HK$81 million or any cumulative outstanding amount convertible from the second anniversary of 2 October 2007 up to the business day immediately prior to 2 October 2010
"Director(s)"	director(s) of the Company
"Executive"	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
"Exercise"	the exercise by Mr. Wong on 28 March 2008 of the 16,000,000 Options granted to him at a total consideration of HK$1 on 8 November 2004 with an exercisable period from 1 January 2007 to 7 November 2014 to subscribe for 16,000,000 new Shares at the exercise price of HK$0.148 per Share
"First Closing Date"	the first closing date of the Offers which is 21 days after the date on which this Composite Document is posted

"Forms of Acceptance"	the **WHITE** Form of Acceptance and the **PINK** Form of Acceptance and "Form of Acceptance" means any one of them
"Goldbond Capital"	Goldbond Capital Investment Holdings Limited, a company incorporated in Hong Kong with limited liability which was indirectly beneficially owned as to 90% by Mr. Kee and as to 10% by Mr. Wong as at the Latest Practicable Date
"Grand Vinco"	Grand Vinco Capital Limited, a licensed corporation under the SFO to carry on Types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee in respect of the Offers
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	an independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Ma Ho Fai, Mr. Melvin Jitsumi Shiraki and Mr. Cheng Yuk Wo, to advise the Independent Shareholders and the Independent Optionholders in respect of the Offers
"Independent Optionholders"	Optionholders other than the Offeror and parties acting in concert with it
"Independent Shareholders"	Shareholders other than the Offeror and parties acting in concert with it
"Last Trading Day"	26 March 2008, being the last trading day immediately prior to the suspension of trading in the Shares pending the issue of the Announcement
"Latest Practicable Date"	18 April 2008, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Kee"	Mr. Kee Wah Sze, an executive Director
"Mr. Wong"	Mr. Wong Yu Lung, Charles, an executive Director
"Mrs. Wong"	Mrs. Wong Fang Pik Chun, the spouse of Mr. Wong
"Ms. Jacqueline Wong"	Miss Wong, Jacqueline Yue Yee, the daughter of Mr. Wong
"Ms. Michelle Wong"	Miss Wong, Michelle Yatyee, the daughter of Mr. Wong and an executive Director
"Offer Options"	all outstanding Options which have not been already owned or agreed to be acquired by the Offeror and parties acting in concert with it
"Offer Shares"	all issued Shares which have not been already owned or agreed to be acquired by the Offeror and parties acting in concert with it
"Offeror"	Allied Luck Trading Limited, a company incorporated in the British Virgin Islands with limited liability, which was interested in approximately 19.14% of the total issued share capital of the Company as at the Latest Practicable Date and is owned as to 50% by Mr. Wong and as to 50% by Mrs. Wong
"Offers"	the Share Offer and the Option Offer
"Option(s)"	option(s) granted by the Company pursuant to the share option scheme of the Company effective on 18 September 2002
"Option Offer"	the conditional mandatory general cash offer to be made by Taifook Securities on behalf of the Offeror to cancel the Offer Options
"Optionholder(s)"	holder(s) of the Option(s)

"Overseas Optionholder(s)"	Independent Optionholder(s) whose address(es) as shown on the register of Optionholders is(are) outside Hong Kong
"Overseas Shareholder(s)"	Independent Shareholder(s) whose address(es) as shown on the register of members of the Company is(are) outside Hong Kong
"**PINK** Form(s) of Acceptance"	the form(s) of acceptance and cancellation of Option(s) in **PINK** in respect of the Option Offer accompanying this Composite Document
"Registrar"	Computershare Hong Kong Investor Services Limited, being the share registrar and transfer office of the Company, whose address is situated at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
"Relevant Period"	the period from 1 October 2007, being the date falling six months preceding the commencement of the offer period (as defined under the Takeovers Code) on 1 April 2008, up to and including the Latest Practicable Date
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Share Offer"	the conditional mandatory general cash offer to be made by Taifook Securities on behalf of the Offeror to acquire the Offer Shares
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Taifook Capital"	Taifook Capital Limited, the financial adviser to the Offeror, a licensed corporation under the SFO to carry on Type 6 (advising on corporate finance) regulated activity for the purposes of the SFO

"Taifook Securities"	Taifook Securities Company Limited, a licensed corporation under the SFO to carry on Types 1 (dealing in securities), 3 (leveraged foreign exchange trading) and 4 (advising on securities) regulated activities, which is making the Offers on behalf of the Offeror
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers, as amended from time to time
"Unconditional Date"	the date on which the Offers become or are declared unconditional in accordance with the Takeovers Code
"**WHITE** Form(s) of Accepance"	the form(s) of acceptance and transfer of Share(s) in **WHITE** in respect of the Share Offer accompanying this Composite Document
"Wong's Family"	Mr. Wong, Mrs. Wong, Ms. Michelle Wong and Ms. Jacqueline Wong
"YHIL"	Yong Hua International Limited, a company wholly and beneficially owned by Mr. Xie Xiao Qing, an executive Director
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the People's Republic of China
"%"	per cent

TAIFOOK SECURITIES COMPANY LIMITED

25th Floor
New World Tower
16-18 Queen's Road Central
Hong Kong

22 April 2008

To the Independent Shareholders and the Independent Optionholders

Dear Sir or Madam,

CONDITIONAL MANDATORY GENERAL CASH OFFERS BY TAIFOOK SECURITIES COMPANY LIMITED ON BEHALF OF ALLIED LUCK TRADING LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN, AND TO CANCEL ALL OUTSTANDING OPTIONS OF, GOLDBOND GROUP HOLDINGS LIMITED (OTHER THAN THOSE SHARES AND OPTIONS ALREADY OWNED OR AGREED TO BE ACQUIRED BY ALLIED LUCK TRADING LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

On 1 April 2008, the Offeror and the Company jointly announced that after the trading hours on 26 March 2008, (i) Allied Golden acquired the respective 11% and 39% equity interests of Mr. Wong and Mr. Kee in Ace Solomon, at an aggregate consideration of HK$123,356,547.06; and (ii) Aceyork acquired the other 50% equity interests in Ace Solomon from Mr. Kee at a consideration of HK$123,356,547.06. Ace Solomon beneficially owns 508,686,792 Shares, representing approximately 19.58% of the total issued share capital of the Company as at the Latest Practicable Date. The respective consideration in each of the Acquisitions was determined based on the 508,686,792 Shares owned by Ace Solomon and the price of HK$0.485 per Share. On 28 March 2008, Mr. Wong exercised 16,000,000 Options to subscribe for 16,000,000 new Shares at the exercise price of HK$0.148 per Share, representing approximately 0.62% of the total issued share capital of the Company as at the Latest Practicable Date. Immediately after completion of the Acquisitions and the Exercise, the Wong's Family, through Mr. Wong's and Mrs. Wong's interests in the entire equity interest in the Offeror, Ms. Jacqueline Wong's and Ms. Michelle Wong's interests in the entire equity interest in Ace Solomon and the personal interest of Mr. Wong, is in aggregate interested in approximately 39.34% of the issued share capital of the Company while Mr. Kee's interest in the entire issued share capital of the Company is reduced to approximately 0.46%. Accordingly, the Offeror makes the conditional mandatory general cash offers to acquire all the issued Shares and to cancel all outstanding Options (other than those Shares and Options already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 and Rule 13 of the Takeovers Code.

This letter sets out, among other things, the details of the Offers, information on the Offeror and the intention of the Offeror regarding the Group. The terms of the Offers are set out in this letter, Appendix I to this Composite Document and the Forms of Acceptance.

The Independent Shareholders and the Independent Optionholders are strongly advised to consider carefully the information contained in the "Letter from the Board", "Letter from the Independent Board Committee" and "Letter from Grand Vinco" as set out in this Composite Document.

THE OFFERS

Principal terms of the Offers

Taifook Securities is making, on behalf of the Offeror, the Offers to acquire all the issued Shares and to cancel all the outstanding Options (other than those already owned or agreed to be acquired by the Offeror or by parties acting in concert with it) on the following basis:

The Share Offer

For each Offer Share .... HK$0.69 in cash

The Option Offer

For each Offer Option with exercise price at HK$0.132 per Share .... HK$0.558 in cash

For each Offer Option with exercise price at HK$0.210 per Share .... HK$0.480 in cash

For each Offer Option with exercise price at HK$1.014 per Share .... HK$0.0001 in cash

As at the Latest Practicable Date, the Company had 2,597,962,843 Shares in issue, 153,600,000 outstanding Options carrying rights to subscribe for up to a total of 153,600,000 new Shares and the Convertible Note. Save for the aforesaid Options and the Convertible Note, there were no outstanding warrants, options, derivatives or securities issued by the Company that carry a right to subscribe for or which are convertible into Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it, being Ace Solomon, Allied Golden, Aceyork, the Wong's Family, Mr. Kee and the other executive Directors, namely Mr. Wang Jun, Mr. Ding Chung Keung, Vincent, Mr. Lan Ning and Mr. Xie Xiao Qing, were together beneficially interested in 1,205,947,092 Shares (representing approximately 46.42% of the entire issued share capital of the Company as at the Latest Practicable Date), 115,000,000 Options carrying rights to subscribe for up to a total of 115,000,000 new Shares and the Convertible Note. As the Convertible Note is beneficially held by a party acting in concert with the Offeror, no comparable offer will be made by the Offeror for the Convertible Note.

Comparisons of value

The price of HK$0.69 for each Offer Share is higher than the consideration per Share paid under the Acquisitions and represents:

(a) a premium of approximately 32.69% over the closing price of HK$0.52 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a premium of approximately 46.50% over the average of the closing prices of HK$0.471 per Share for the five consecutive trading days up to and including the Last Trading Day;

(c) a premium of approximately 41.25% over the average of the closing prices of HK$0.4885 per Share for the ten consecutive trading days up to and including the Last Trading Day;

(d) a premium of approximately 29.87% over the average of the closing prices of approximately HK$0.5313 per Share for the 30 consecutive trading days up to and including the Last Trading Day;

(e) a premium of approximately 1.47% over the closing price of HK$0.68 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; and

(f) a premium of approximately 93.77% over the unaudited consolidated net assets value attributable to equity holders of the Company per Share of approximately HK$0.3561 as at 30 September 2007 (calculated by dividing the unaudited consolidated net assets value attributable to equity holders of the Company as at 30 September 2007 of approximately HK$919.4 million as shown in the interim report of the Company for the six months ended 30 September 2007 by the total number of issued Shares of 2,581,962,843 Shares as at 30 September 2007).

The offer prices for the Offer Options of HK$0.558 and HK$0.480 per Offer Option are equivalent to the respective differences in values between the offer price for the Offer Share and their respective exercise prices. The offer price for each Offer Option having an exercise price of HK$1.014 per Share is set at a nominal value of HK$0.0001 as the exercise price of such Offer Option is higher than the offer price for the Offer Share.

Highest and lowest prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$0.77 per Share on 5 October 2007 and HK$0.39 per Share on 22 January 2008 respectively.

Total consideration

As at the Latest Practicable Date, the Company had a total of 2,597,962,843 Shares in issue. Assuming that there is no change in the issued share capital of the Company prior to the close of the Offers, at the offer price of HK$0.69 per Offer Share, the entire issued share capital of the Company is valued at approximately HK$1,792.6 million under the Offers, and all of the 1,392,015,751 Offer Shares are valued at approximately HK$960.5 million. Assuming that all the 38,600,000 Offer Options are tendered at a price of HK$0.558 for each Offer Option having an exercise price of HK$0.132 per Share, HK$0.480 for each Offer Option having an exercise price of HK$0.210 per Share, and HK$0.0001 for each Offer Option having an exercise price of HK$1.014 per Share under the Option Offer, the total consideration payable by the Offeror under the Option Offer is approximately HK$8.1 million.

Assuming that all the 38,600,000 Offer Options are fully exercised prior to the close of the Offers, there will be 2,636,562,843 Shares in issue and the entire issued share capital of the Company would be valued at approximately HK$1,819.2 million under the Share Offer, and there will be 1,430,615,751 Offer Shares, which will be valued at approximately HK$987.1 million in aggregate.

The Offers will be financed by internal resources and a committed banking facility of a company owned by Mrs. Wong and the brother of Mr. Wong. Taifook Capital is satisfied that there are sufficient financial resources available to the Offeror to meet the full acceptance of the Offers. The Offeror confirms that it does not intend that the payment of interest on, repayment of or security for the liability (contingent or otherwise) arising from, the use of the aforesaid facility will depend to any significant extent on the business of the Group.

Effect of accepting the Offers

By accepting the Share Offer, the Independent Shareholders will, subject to the Offers becoming unconditional, sell their Offer Shares to the Offeror or its nominee free from all liens, claims and encumbrances and with all rights attached to them, including the rights to receive all dividends and distribution declared, made or paid on or after the date on which the Share Offer is made, that is, the date of posting of this Composite Document.

By accepting the Option Offer, the Independent Optionholders will, subject to the Offers becoming unconditional, agree to a cancellation of their Offer Options and all rights attached thereto with effect from the date on which the Option Offer is made, that is, the date of posting of this Composite Document.

The procedures for acceptance and further terms of the Offers are set out in Appendix I to this Composite Document.

Overseas Shareholders and Overseas Optionholders

As the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are resident, the Overseas Shareholders and the Overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the

Offers (including but not limited to the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdictions). The Overseas Shareholders and the Overseas Optionholders shall be fully responsible for the payment of any transfer or other taxes and duties by whomsoever payable in respect of all relevant jurisdictions. Acceptances of the Offers by any such person will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws. The Overseas Shareholders and the Overseas Optionholders are recommended to seek professional advice on deciding whether to accept the Offers.

Stamp duty

Seller's ad valorem stamp duty arising in connection with acceptances of the Share Offer, amounting to HK$1.00 for every HK$1,000 or part thereof of the greater of (i) the consideration payable by the Offeror in respect of the relevant acceptance; and (ii) the market value of the Shares, will be payable by the Independent Shareholders who accept the Share Offer and will be deducted from the consideration payable to such Independent Shareholders upon the Offers becoming unconditional. The Offeror will pay the buyer's ad valorem stamp duty on its own behalf and the seller's ad valorem stamp duty on behalf of the accepting Independent Shareholders in respect of the Offer Shares accepted under the Share Offer.

No stamp duty is payable in connection with the acceptance of the Option Offer.

Settlement of the consideration

The amounts due to the Independent Shareholders or the Independent Optionholders who accept the Offers should be paid by the Offeror to the Independent Shareholders and the Independent Optionholders (as the case may be) as soon as possible but in any event within ten days of the later of the date on which the Offers become or are declared unconditional and the date of receipt of a duly completed acceptance in accordance with the Takeovers Code. Settlement of the amounts due to the Independent Shareholders and Independent Optionholders who accept the Offers will be implemented in full without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholders or Independent Optionholders.

Conditions of the Offers

The Offers are conditional upon the Offeror having received valid acceptance of the Offers by no later than 4 p.m. on the First Closing Date (or such later times and/or dates as the Offeror may determine and announce in accordance with the requirements of the Takeovers Code) which, together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it before or during the offer period of the Offers, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company. If the Offeror does not receive valid acceptances of the Offers which, together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it before or during the offer period of the Offers, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company, the Offers cannot become unconditional and will lapse. The latest time and date by which the Offers can become or be declared unconditional as to acceptances is 7 p.m. on 23 June 2008.

DEALINGS IN SECURITIES OF THE COMPANY

Save for the Shares acquired through the Acquisitions and the Exercise and the transactions set out below, there had been no dealing in the securities of the Company by the Offeror and parties acting in concert with it during the Relevant Period.

Date	**Party(ies) involved**	**Average price per Share** *HK$*	**Number of Shares**	**Nature of dealings**
2 October 2007	YHIL	N/A	N/A	Issue of the Convertible Note to YHIL
17 October 2007	Mr. Lan Ning, an executive Director	0.642	1,600,000	On-market sale of Shares by Mr. Lan Ning
25 October 2007	Taifook Asset Management Limited ("TAML"), a fellow subsidiary of Taifook Capital	0.75 *(Note)*	500,000 *(Note)*	On-market purchases of Shares by TAML for the account of its discretionary clients *(Note)*
14 November 2007	TAML	0.594	250,000	On-market sale of Shares by TAML for the account of its discretionary client
9 January 2008	Ease Ample Limited ("Ease Ample"), a company wholly owned by Mr. Lan Ning	0.58	960,000	On-market sale of Shares by Ease Ample
10 January 2008	Mr. Lan Ning	0.57	500,000	On-market sale of Shares by Mr. Lan Ning
10 January 2008	Ease Ample	0.58	650,000	On-market sale of Shares by Ease Ample
10 January 2008	TAML	0.57	250,000	On-market sale of Shares by TAML for the account of its discretionary client
15 January 2008	Ease Ample	0.5995	333,000	On-market sale of Shares by Ease Ample
15 January 2008	Goldbond Capital and Ace Solomon	0.522	169,798,449	Sale of Shares by Goldbond Capital to Ace Solomon
28 January 2008	Ease Ample	0.425	230,000	On-market sale of Shares by Ease Ample

Note:

Such purchases of Shares took place before Taifook Capital was approached to discuss about acting as the financial adviser in relation to the Offers and Taifook Securities was approached to discuss about making the Offers on behalf of the Offeror. Therefore, Taifook Capital has made an application to the Executive, and the Executive has given a ruling, that such purchases were not relevant in determining the offer price of the Offers under Rule 26.3 of the Takeovers Code.

There is no arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Company which might be material to the Offers. There are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers.

As at the Latest Practicable Date, none of the Offeror and the parties acting in concert with it had received any irrevocable commitment from the Independent Shareholders and the Independent Optionholders to or not to accept the Offers.

Compulsory acquisition

The Offeror does not intend to exercise any right which may be available to it under the provisions of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to compulsorily acquire any outstanding Offer Shares not acquired under the Share Offer after the close of the Share Offer.

INFORMATION ON THE GROUP

The Group is principally engaged in investment and provision of financial services and investment in property.

Based on the annual report of the Company for the year ended 31 March 2007, the audited consolidated net profits of the Group for the two years ended 31 March 2006 and 31 March 2007 were approximately HK$3.9 million and HK$48.7 million respectively.

Further financial information on the Group is set out in Appendices II and III to this Composite Document.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is owned as to 50% by Mr. Wong and as to 50% by Mrs. Wong. Save for the shareholding in the Company, the Offeror did not hold any assets and did not have interest in any business as at the Latest Practicable Date. The directors of the Offeror are Mr. Wong and Mrs. Wong.

INTENTION OF THE OFFEROR REGARDING THE GROUP

The Offeror is of the view that the existing business of investment and provision of financial services of the Group has good potential and accordingly considers it to be commercially justifiable to increase its shareholding in the Company.

The Offeror will retain the senior management of the Group after completion of the Acquisitions. It is believed that the experience and expertise of the existing senior management of the Group are the main drive to the continued success of the Group. By retaining the senior management of the Group, it is also believed that the flourishing overall operation and results of the Group can be maintained which in turn will be in the interest of the Offeror. The Offeror will continue the existing business of the Group and has no intention to change the principal business including injecting any additional assets into or redeployment of the assets of the Group other than in its ordinary course of business. The Offeror does not intend to make any material changes to the continued employment of the employees of the Group.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror has no intention to privatise the Company and intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers. The Board and the Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

(i) a false market exists or may exist in the trading of the Shares; or

(ii) there are insufficient issued Shares in public hands to maintain an orderly market,

the Company will be in breach of Rule 8.08 of the Listing Rules and the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares until a sufficient level of public float is attained.

TAX IMPLICATIONS

None of the Company, the Offeror, Taifook Capital, Taifook Securities, Grand Vinco, the Registrar or any of their respective directors or any other parties involved in the Offers is in a position to advise the Independent Shareholders and the Independent Optionholders on their individual tax implications. The Independent Shareholders and the Independent Optionholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offers. None of the Company, the Offeror, the professional advisers to the Company and the Offeror or any of their respective directors or any other parties involved in the Offers accepts any responsibility for any tax effect on, or liabilities of, the Independent Shareholders and the Independent Optionholders.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the Form(s) of Acceptance.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer.

The attention of the Overseas Shareholders and the Overseas Optionholders is drawn to paragraph 7(h) in Appendix I to this Composite Document.

All documents and remittances sent to the Independent Shareholders and/or the Independent Optionholders by ordinary post will be sent to them at their own risk. Such documents and remittances will be sent to the Independent Shareholders and the Independent Optionholders at their respective addresses as they appear in the register of members of the Company or the register of Optionholders (as the case may be) or in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the register of members of the Company. None of the Company, the Offeror, Taifook Capital, Taifook Securities, Grand Vinco, the Registrar, or any of their respective directors or professional advisers or any other parties involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document.

Yours faithfully,
For and on behalf of
Taifook Securities Company Limited
William Lee
Managing Director

Goldbond Group Holdings Limited
金榜集團控股有限公司

(Incorporated in Hong Kong with limited liability)
(Stock code: 172)

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

Independent non-executive Directors:
Ma Ho Fai *SBS JP*
Melvin Jitsumi Shiraki
Cheng Yuk Wo

Registered office:
Units 1901-06
19th Floor
Tower One
Lippo Centre
89 Queensway
Hong Kong

22 April 2008

To the Independent Shareholders and the Independent Optionholders

Dear Sir or Madam,

CONDITIONAL MANDATORY GENERAL CASH OFFERS BY TAIFOOK SECURITIES COMPANY LIMITED ON BEHALF OF ALLIED LUCK TRADING LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN, AND TO CANCEL ALL OUTSTANDING OPTIONS OF, GOLDBOND GROUP HOLDINGS LIMITED (OTHER THAN THOSE SHARES AND OPTIONS ALREADY OWNED OR AGREED TO BE ACQUIRED BY ALLIED LUCK TRADING LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

On 1 April 2008, the Offeror and the Company jointly announced that after the trading hours on 26 March 2008, (i) Allied Golden acquired the respective 11% and 39% equity interests of Mr. Wong and Mr. Kee in Ace Solomon, at an aggregate consideration of HK$123,356,547.06; and (ii) Aceyork acquired the other 50% equity interests in Ace Solomon from Mr. Kee at a consideration of HK$123,356,547.06. Ace Solomon beneficially owns 508,686,792 Shares, representing approximately 19.58% of the total issued share capital of the Company as at the Latest Practicable Date. The respective consideration in each of the Acquisitions was determined based on the 508,686,792 Shares owned by Ace Solomon and the price of HK$0.485 per Share. On 28 March 2008, Mr. Wong exercised 16,000,000 Options to subscribe for 16,000,000 new Shares at the exercise price of HK$0.148 per Share, representing approximately 0.62% of the total issued share capital of the Company as at the Latest Practicable Date. Immediately after completion of the Acquisitions and the Exercise, the Wong's Family, through Mr. Wong's and Mrs. Wong's interests in the entire equity interest in the Offeror, Ms. Jacqueline Wong's and Ms. Michelle Wong's interests in the entire equity interest in Ace Solomon and the personal interest of Mr. Wong, is in aggregate interested in approximately 39.34% of the issued share capital of the Company while Mr. Kee's interest in the entire issued share capital of the Company is reduced to approximately 0.46%. Accordingly, the Offeror makes the conditional mandatory general cash offers to acquire all the issued Shares and to cancel all outstanding Options (other than those Shares and Options already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 and Rule 13 of the Takeovers Code.

The terms of the Offers are set out in "Letter from Taifook Securities" and Appendix I to this Composite Document and the Forms of Acceptance.

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee has been established by the Company to advise the Independent Shareholders and the Independent Optionholders in respect of the Offers. Mr. Ma Ho Fai, Mr. Melvin Jitsumi Shiraki and Mr. Cheng Yuk Wo, being all the independent non-executive Directors who are independent of the Offers, have been invited to constitute the Independent Board Committee to provide the recommendation to the Independent Shareholders and the Independent Optionholders in respect of the Offers. Grand Vinco has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offers. Such appointment has been approved by the Independent Board Committee.

The purpose of this Composite Document is to provide you with, among other things, further information relating to the Group and the Offers, as well as the respective recommendation and advice of the Independent Board Committee and Grand Vinco regarding the Offers.

THE OFFERS

Taifook Securities is making, on behalf of the Offeror, the Offers to acquire all the issued Shares and to cancel all the outstanding Options (other than those already owned or agreed to be acquired by the Offeror or by parties acting in concert with it) on the following basis:

The Share Offer

For each Offer Share	HK$0.69 in cash

The Option Offer

For each Offer Option with exercise price at HK$0.132 per Share	HK$0.558 in cash
For each Offer Option with exercise price at HK$0.210 per Share	HK$0.480 in cash
For each Offer Option with exercise price at HK$1.014 per Share	HK$0.0001 in cash

As at the Latest Practicable Date, the Company had 2,597,962,843 Shares in issue, 153,600,000 outstanding Options carrying rights to subscribe for up to a total of 153,600,000 new Shares and the Convertible Note. Save for the aforesaid Options and the Convertible Note, there were no outstanding warrants, options, derivatives or securities issued by the Company that carry a right to subscribe for or which are convertible into Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it, being Ace Solomon, Allied Golden, Aceyork, the Wong's Family, Mr. Kee and the other executive Directors, namely Mr. Wang Jun, Mr. Ding Chung Keung, Vincent, Mr. Lan Ning and Mr. Xie Xiao Qing, were together beneficially interested in 1,205,947,092 Shares (representing approximately 46.42% of the entire issued share capital of the Company as at the Latest Practicable Date), 115,000,000 Options carrying rights to subscribe for up to a total of 115,000,000 new Shares and the Convertible Note. As the Convertible Note is beneficially held by a party acting in concert with the Offeror, no comparable offer will be made by the Offeror for the Convertible Note.

INFORMATION ON THE GROUP

The Group is principally engaged in investment and provision of financial services and investment in property.

Based on the annual report of the Company for the year ended 31 March 2007, the audited consolidated net profits of the Group for the two years ended 31 March 2006 and 31 March 2007 were approximately HK$3.9 million and HK$48.7 million respectively.

Further financial information on the Group is set out in Appendices II and III to this Composite Document.

INFORMATION ON THE OFFEROR

Your attention is drawn to the paragraphs headed "Information on the Offeror" and "Intention of the Offeror regarding the Group" in the "Letter from Taifook Securities" as set out in this Composite Document.

RECOMMENDATION

Your attention is drawn to the respective letters from the Independent Board Committee to the Independent Shareholders and the Independent Optionholders and from Grand Vinco to the Independent Board Committee as set out in this Composite Document, which set out their respective advice and recommendation in respect of the Offers and the principal factors considered by them in arriving at their respective advice and recommendation.

ADDITIONAL INFORMATION

In considering what action to take in connection with the Offers, the Independent Shareholders and the Independent Optionholders should consider their own tax position and, if they are in doubt, they should consult their own professional advisers.

You are recommended to read the "Letter from Taifook Securities" set out in this Composite Document, further procedures for acceptance of the Offers as set out in Appendix I to this Composite Document and the Form(s) of Acceptance.

Your attention is also drawn to the information set out in other appendices to this Composite Document.

Yours faithfully,
For and on behalf of the Board
Goldbond Group Holdings Limited
Wong Yu Lung, Charles
Chief Executive Officer

Goldbond Group Holdings Limited

金榜集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 172)

22 April 2008

To the Independent Shareholders and the Independent Optionholders

Dear Sir or Madam,

CONDITIONAL MANDATORY GENERAL CASH OFFERS BY TAIFOOK SECURITIES COMPANY LIMITED ON BEHALF OF ALLIED LUCK TRADING LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN, AND TO CANCEL ALL OUTSTANDING OPTIONS OF, GOLDBOND GROUP HOLDINGS LIMITED (OTHER THAN THOSE SHARES AND OPTIONS ALREADY OWNED OR AGREED TO BE ACQUIRED BY ALLIED LUCK TRADING LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

We refer to the composite document dated 22 April 2008 (the "Composite Document") jointly issued by the Offeror and the Company of which this letter forms part. Terms defined in the Composite Document shall have the same meanings in this letter unless the context otherwise requires. We have been appointed as members of the Independent Board Committee to consider the Offers and to advise you as to whether, in our opinion, the terms of the Offers are fair and reasonable so far as your interests are concerned.

Grand Vinco has been appointed to advise us in respect of the Offers. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the "Letter from Grand Vinco" in the Composite Document. We also wish to draw your attention to: (i) the "Letter from the Board"; (ii) the "Letter from Taifook Securities"; and (iii) the additional information, all set out in the Composite Document and the appendices thereto.

If the net proceeds from the sale of the Shares in the open market after deducting all the transaction costs would be higher than the net amount receivable under the Share Offer, the Independent Shareholders should, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market and the Independent Optionholders should consider exercising their Options and selling the Shares from such exercise in the open market, instead of accepting the Offers.

Having taken into account the terms of the Offers and the advice and recommendation of Grand Vinco, we consider that the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Independent Optionholders are concerned and accordingly, we recommend the Independent Shareholders and the Independent Optionholders to accept the Offers.

Yours faithfully,
Independent Board Committee

Ma Ho Fai *SBS JP*	**Melvin Jitsumi Shiraki**	**Cheng Yuk Wo**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter of advice from Grand Vinco to the Independent Board Committee in respect of the Offers which has been prepared for incorporation in the Composite Document:

VINCO 城高

Grand Vinco Capital Limited
Unit 4909-4910, 49/F., The Center
99 Queen's Road Central, Hong Kong

22 April 2008

To the Independent Board Committee

Dear Sirs,

CONDITIONAL MANDATORY GENERAL CASH OFFERS BY TAIFOOK SECURITIES COMPANY LIMITED ON BEHALF OF ALLIED LUCK TRADING LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN, AND TO CANCEL ALL OUTSTANDING OPTIONS OF, GOLDBOND GROUP HOLDINGS LIMITED (OTHER THAN THOSE SHARES AND OPTIONS ALREADY OWNED OR AGREED TO BE ACQUIRED BY ALLIED LUCK TRADING LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

A. INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee in respect of the Offers, details of which are set out in the composite offer document (the "Composite Document") jointly issued by the Offeror and the Company to the Shareholders and the Optionholders dated 22 April 2008 of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Composite Document unless the context otherwise requires.

On 1 April 2008, the Company and the Offeror jointly announced that on 26 March 2008 (i) Allied Golden acquired the respective 11% and 39% equity interests of Mr. Wong and Mr. Kee in Ace Solomon, at an aggregate consideration of HK$123,356,547.06; and (ii) Aceyork acquired the other 50% equity interests in Ace Solomon from Mr. Kee at a consideration of HK$123,356,547.06. Ace Solomon beneficially owns 508,686,792 Shares, representing approximately 19.58% of the entire issued share capital of the Company as at the Latest Practicable Date. The respective consideration in each of the Acquisitions was determined based on the 508,686,792 Shares owned by Ace Solomon and the price of HK$0.485 per Share.

On 28 March 2008, Mr. Wong exercised 16,000,000 Options to subscribe for 16,000,000 new Shares at the exercise price of HK$0.148 per Share, representing approximately 0.62% of the total issued share capital of the Company as at the Latest Practicable Date.

Immediately after completion of the Acquisitions and the Exercise, the Wong's Family, through Mr. Wong and Mrs. Wong's interests in the entire equity interest in the Offeror, Ms. Jacqueline Wong's and Ms. Michelle Wong's interests in the entire equity interest in Ace Solomon and the personal interest of Mr. Wong, is in aggregate interested in approximately 39.34% of the entire issued share capital of the Company while Mr. Kee's interest in the entire issued share capital of the Company is reduced to approximately 0.46%. Accordingly, the Offeror makes the conditional mandatory general cash offers to acquire all the issued Shares and to cancel all outstanding Options (other than those Shares and Options already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 and Rule 13 of the Takeovers Code.

The Share Offer is being made at HK$0.69 per Offer Share, the Option Offer is being made at (i) HK$0.558 for each Offer Option with exercise price at HK$0.132 per Share; (ii) HK$0.480 for each Offer Option with exercise price at HK$0.210 per Share; and (iii) 0.0001 for each Offer Option with exercise price at HK$1.014 per Share. Taifook Securities is making, on behalf of the Offeror, the Offers in compliance with the Takeovers Code. The Offers are conditional upon the Offeror having received valid acceptance of the Offers which, together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it before or during the offer period of the Offers, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company.

The Independent Board Committee, comprising Mr. Ma Ho Fai, Mr. Melvin Jitsumi Shiraki and Mr. Cheng Yuk Wo, all being the independent non-executive Directors who are independent of the Offers, has been formed to provide recommendation to the Independent Shareholders and the Independent Optionholders in respect of the Offers. We have been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offers.

B. BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation, we have relied on the accuracy of the information and facts contained or referred to in the Composite Document and provided to us by the Company, the Directors and the management of the Company. We have assumed that all information and representations contained or referred to in the Composite Document were true and accurate at the time when they were made and continue to be true and accurate at the date of the Composite Document. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Offeror in the Composite Document were reasonably made after due enquiries and considerations. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our opinions and recommendations. The Directors have declared in a responsibility statement set out in the Appendix IV to the Composite Document that they collectively and individually accept full responsibility for the accuracy of the information contained in the Composite Document (other than those information relating to the Offeror). We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group and/or the Offeror.

In formulating our opinions, we have not considered the tax implications on the Independent Shareholders and the Independent Optionholders arising from acceptances or non-acceptances of the Offers as these are particular to their individual circumstances. It is emphasized that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offers. In particular, the Independent Shareholders and the Independent Optionholders who are residents outside Hong Kong or subject to overseas tax or Hong Kong taxation on securities dealings should consult their own tax position, and if in any doubt, should consult their own professional advisers.

In formulating our opinions, our opinions are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of the Latest Practicable Date. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinions expressed herein which may come or be brought to our attention after the end of the period of the Offers.

This letter is issued for the Independent Board Committee solely in respect of the Offers and, except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee in relation to the Offers, we have considered the principal factors and reasons set out below:

1. Historical financial performance and prospects of the Group

The Company is principally engaged in provision of financial services in the PRC, including but not limited to the provision of loan guarantee services and secured bridge finance. The Group is also engaged in property investment.

We refer to the circulars of the Company dated 28 March 2007 and 19 April 2007, the Group has disposed of its entire interests in both Golden Plaza in Hong Kong and Nanjing International Center in Nanjing, the PRC. We also refer to the circular of the Company dated 27 July 2007, the Group has disposed of its entire equity interests in Goldbond Capital Holdings Limited.

i. Financial year ended 31 March 2007 compared to financial year ended 31 March 2006

As disclosed in the annual report 2006/2007 of the Company for the financial year ended 31 March 2007, the Group's turnover from continuing operation was approximately HK$24,876,000, representing an increase of approximately 207.5% over the previous year.

Loss attributable to Shareholders from continuing operation was approximately HK$38,448,000, representing an improvement of approximately 17.1% over the previous year. With reference to the annual report 2006/2007 of the Company, the improvement in the loss attributable to Shareholders from continuing operation was mainly due to the growth in turnover resulting from the demand of loan guarantee and consumer financing in the PRC, and also stringent cost control in the subsidiaries of the Company.

The profit was HK$48,703,000 for the financial year ended 31 March 2007, representing an improvement of approximately 1161.4% over the previous year. According to the annual report 2006/2007 of the Company, the significant growth in profit was mainly due to the contribution from the discontinued business of the Group in two investment properties, namely the Golden Plaza in Hong Kong and Nanjing International Center in Nanjing, the PRC, which amounted to approximately HK$87,151,000. Whereas the continuing operations of the Group recorded a loss after taxation of approximately HK$38,448,000 for the year ended 31 March 2007.

ii. Financial year ended 31 March 2006 compared to financial year ended 31 March 2005

As disclosed in the annual report 2005/2006 of the Company for the financial year ended 31 March 2006, the Group's turnover was approximately HK$39,962,000, representing an increase of approximately 61.6% over the previous year. Profit before taxation and profit attributable to Shareholders were approximately HK$12,968,000 and HK$3,861,000 respectively, representing a decrease of approximately 62.8% and 85.7% over the previous year. As illustrated in the annual report 2005/2006 of the Company, the weak financial performance for the year ended 31 March 2006 was mainly due to the increase in operating expenses, including but not limited to selling and administrative expenses, other operating expenses and finance costs, which expenses increased approximately 187.6% in 2006.

iii. Six-month period ended 30 September 2007 compared to six-month period ended 30 September 2006

As disclosed in the interim report 2007/2008 of the Company for the six-month period ended 30 September 2007, the Group's turnover from continuing operation was approximately HK$59,281,000, representing an increase of approximately 547.0% over the same period in 2006. Profit before taxation and profit after taxation were approximately HK$50,509,000 and HK$48,544,000 respectively, representing a turnaround from the loss in continuing operation of the Group to a profit position compared to the same period in 2006. The disposal of aforementioned business also contributed a profit of approximately HK$24,298,000. The improvement in financial performance of the Group for the six-month period ended 30 September 2007 was mainly due to the increase in income from consumer finance business in the PRC.

iv. Prospects

As noted from the annual report 2005/2006, annual report 2006/2007 and the interim report 2007/2008 of the Company, the Group will grasp the opportunity to focus on and expand its strategic business developments in the financial service industries in view of the fast growing economic growth and consumer spending in the PRC. As additional pawn shops will come into operation, extra financial resources for the Group are required. Accordingly, the aforementioned disposals would allow the Group to conglomerate its resources to further venture in financial services and other prosperous opportunities. The Group also intends to take opportunity to focus upon and expand its strategic business developments in property and finance industries with proactive approach and seek for new potential investments and on the other hand, maintain effective cost control measures to maximize the Shareholders' return.

With reference to the statistics from the National Bureau of Statistics of China, we noted that the PRC recorded gross domestic products of approximately RMB21,108.0 billion in 2006, representing a growth of 14.65% over the previous year. The total loans made in the PRC was approximately RMB22,534.7 billion for the year ended 31 December 2006, representing an increase of approximately 15.75% over the previous year. The growing economy in the PRC has also stimulated the growth in the provision of loan services in the financial market in the PRC. Therefore, we are of the view that the loan market in the PRC should continue to be prosperous in the near future. We noted that the flourishing performance of the provision of loan guarantee services and secured bridge finance of the Group in 2006 was consistent with expanding loan market in the PRC and we are of the view that the Group will be benefited by the growing loan market in the PRC. With reference to the statistics from the National Bureau of Statistics of China, we also noted that the PRC recorded a total investment in fixed assets (including, inter alia, property development) of approximately RMB10,999.8 billion in 2006, representing an increase of approximately 23.91% over 2005. Given the growing fixed asset investment, thus property development, we are of the view that the property market in PRC is prosperous. However, given the minimal investment property of the Group compared to its total assets, we are of the view that the development of property investment is not significant to the prospect of the Group.

Based on the foregoing, we are of the view that the prospect of the Group is positive in the near future and thus those Independent Shareholders, who wish to capture the potential growth in the Group, should not accept the Share Offer.

2. The Offers

Taifook Securities is making, on behalf of the Offeror, the Offers to acquire all the issued Shares and to cancel all the outstanding Options (other than those already owned or agreed to be acquired by the Offeror or by parties acting in concert with it) on the following basis:

i. The Share Offer

For each Offer Share .... HK$0.69 in cash

ii. The Option Offer

For cancellation of each Offer Option
with exercise price at HK$0.132 per Share ....HK$0.558 in cash

For cancellation of each Offer Option
with exercise price at HK$0.210 per Share ....HK$0.480 in cash

For cancellation of each Offer Option
with exercise price at HK$1.014 per Share ....HK$0.0001 in cash

iii. Comparisons of value

The price of HK$0.69 for each Offer Share (the "**Share Offer Price**") is higher than the consideration per Share paid under the Acquisitions and represents:

(a) a premium of approximately 1.47% over the closing price of HK$0.68 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(b) a premium of approximately 32.69% over the closing price of HK$0.52 per Share as quoted on the Stock Exchange on the Last Trading Day;

(c) a premium of approximately 46.50% over the average of the closing prices of HK$0.471 per Share for the five consecutive trading days up to and including the Last Trading Day;

(d) a premium of approximately 41.25% over the average of the closing prices of HK$0.4885 per Share for the ten consecutive trading days up to and including the Last Trading Day;

(e) a premium of approximately 29.87% over the average of the closing prices of approximately HK$0.5313 per Share for the 30 consecutive trading days up to and including the Last Trading Day; and

(f) a premium of approximately 93.77% over the unaudited consolidated net assets value attributable to equity holders of the Company per Share of approximately HK$0.3561 as at 30 September 2007 (calculated by dividing the unaudited consolidated net assets value attributable to equity holders of the Company as at 30 September 2007 of approximately HK$919.4 million as shown in the interim report of the Company for the six months ended 30 September 2007 by the total number of issued Shares as at 30 September 2007 of 2,581,962,843 Shares) based on the interim report of the Company for the six months ended 30 September 2007.

For the comparisons of value for the Option Offer, please refer to the section headed "8. Option Offer" in this letter.

Further terms and conditions of the Share Offer, including the procedures for acceptance, are set out in the "Letter from Taifook Securities" and Appendix I to the Composite Document.

3. Historical price performance of the Shares

The graph below illustrates the closing price levels of the Shares during the period from 27 March 2007 (being the 12 calendar months period prior to the Last Trading Day) to the Latest Practicable Date (the "Review Period").

Note: Trading of the Shares was suspended on 27 and 28 March 2007, 4 and 6 July 2007, 19 and 20 July 2007, 16 August 2007, 6 September 2007 and 27 March 2008 to 1 April 2008.

Source: website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the closing price of the Shares had experienced three periods of distinctive trend, including (i) an upward trend for the period between 29 March 2007 and 3 August 2007; (ii) a downward trend for the period between 3 August 2007 and 23 November 2007; and (iii) a period with no distinctive trend between the closing price of the Shares during the period between 26 November 2007 and up to the Last Trading Day. Although the Group had experienced volatile movement in the closing prices of the Shares during the Review Period with three distinctive trends, we however noted that the Share Offer Price represents a premium over the closing prices of the Share since 1 November 2007. During the Review Period, the Company issued several announcements stating it was not aware of any reasons for the unusual price and volume movements in the Shares and there were no negotiations or agreement relating to intended acquisition or realizations which were discloseable under the Listing Rules on 3 April 2007, 4 April 2007, 12 April 2007, 19 April 2007, 3 May 2007, 17 August 2007 respectively. On 11 May 2007, 31 May 2007 and 14 June 2007, the Company stated that save for a preliminary negotiation relating to an intended disposal of an investment, which might constitute a notifiable transaction, no agreement had been reached and no formal agreement had been entered into in relation to the abovementioned negotiation. On 3 August 2007, the Company confirmed that, save for (i) the announcement dated 20 July 2007 issued by the Company relating to the placing of existing Shares and the subscription of new Shares; and (ii) a total of 544,322,843 Shares were issued and allotted to the holders of the convertible notes due 5 August 2007 issued by the Company (the

"2007 Convertible Notes") upon conversion of part of the 2007 Convertible Notes on 31 July 2007 (representing approximately 21.2% of the Shares in issue as at 3 August 2007) and no conversion notice for the remaining part of the 2007 Convertible Notes had been received by the Company as at 3 August 2007, there were no negotiations or agreements relating to intended acquisitions or realisations which were discloseable under the Listing Rules. On 7 August 2007, the Company stated that save for a preliminary stage of negotiations of the following proposed transactions, the Company was not aware of any reasons for movement in trading price and volume of the Shares: (a) increase of the Company's equity stake in an indirectly non wholly-owned subsidiary; (b) provision of financial assistance to an indirectly non wholly-owned subsidiary by the Group; and (c) financial assistance to certain third parties by the Group, and there were no negotiations or agreements relating to intended acquisitions or realisations which were discloseable under the Listing Rules.

Immediately after the resumption of trading of the Shares subsequent to the release of the Announcement, the Shares closed at HK$0.67 per Share. There was no distinctive trend in the closing price of the Shares since the resumption of trading in the Shares on 2 April 2008 up to the Latest Practicable Date. Set out below is a chart comparing the Share Offer Price to several average closing prices of the Shares during the Review Period:

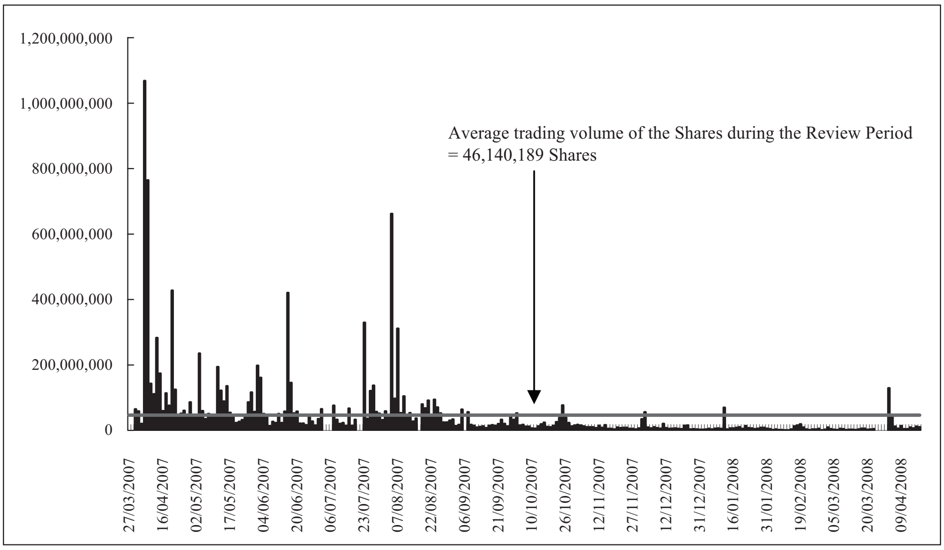
	Closing Price *(HK$)*	**Respective premium/ (discount)**
Average closing price during the one-month period up to and including the Latest Practicable Date	0.6256	10.29%
Average closing price during the three-month period up to and including the Latest Practicable Date	0.5397	27.85%
Average closing price during the six-month period up to and including the Latest Practicable Date	0.5785	19.27%
Average closing price during the twelve-month period up to and including the Latest Practicable Date	0.7882	(12.46%)

Save and except for the discount of the Share Offer Price to the average closing price during the twelve-month period up to and including the Latest Practicable Date, the Share Offer Price represents a premium over the abovementioned average closing prices across various periods during the Review Period.

We have considered that (i) the Share Offer Price represent a premium of 1.47% over the closing price of the Share of approximately HK$0.68 per Share on the Latest Practicable Date; (ii) the Share Offer Price represents a premium over the average closing prices of the Shares for the one-month, three-month and six-month period up to and including the Latest Practicable Date; (iii) low liquidity of the Share during the seven-month period up to and including the Latest Practicable Date (as detailed in the following paragraph headed “Liquidity of the Shares”); and (iv) the recent unstable market conditions in the Hong Kong stock market, we are of the view that the Share Offer Price is fair and reasonable to the Independent Shareholders.

4. Liquidity of the Shares

The graph below plotted the daily trading volume of the Shares and the table below set out the average daily trading number of Shares traded per month and the respective percentages of monthly trading volume compared to the issued share capital of the Company and the number of issued Shares held by the Independent Shareholders as at the Latest Practicable Date respectively during the Review Period.



Note: Trading of the Shares was suspended on 27 and 28 March 2007, 4 and 6 July 2007, 19 and 20 July 2007, 16 August 2007, 6 September 2007 and 27 March 2008 to 1 April 2008.

Source: website of the Stock Exchange (www.hkex.com.hk)

Month	Number of trading days	Total turnover	Highest daily turnover	Lowest daily turnover	Average daily turnover	Percentage of average daily turnover to total number of Shares in issue *(Note 1)*	Percentage of average daily turnover to total number of Shares held by Independent Shareholders *(Note 2)*
	(days)	*(in number of Shares)*	*(in number of Shares)*	*(in number of Shares)*	*(in number of Shares)*	*(%)*	*(%)*
2007							
March	8	538,258,000	222,586,000	0	67,282,250	2.59	4.83
April	18	3,699,991,075	1,068,361,200	20,520,000	205,555,060	7.91	14.77
May	21	1,729,225,300	235,402,200	23,392,200	82,344,062	3.17	5.92
June	20	1,308,854,613	420,728,450	13,450,000	65,442,731	2.52	4.70
July	16	1,111,150,425	329,565,250	0	69,446,902	2.67	4.99
August	22	2,102,478,104	661,662,604	0	95,567,187	3.68	6.87
September	18	398,470,300	63,870,000	0	22,137,239	0.85	1.59
October	21	481,778,000	76,641,000	5,900,000	22,941,810	0.88	1.65
November	22	228,477,800	34,870,000	3,740,000	10,385,355	0.40	0.75
December	19	196,352,000	55,890,000	2,900,000	10,334,316	0.40	0.74
2008							
January	22	205,350,112	69,770,000	2,480,000	9,334,096	0.36	0.67
February	19	95,561,388	18,655,000	840,000	5,029,547	0.19	0.36
March (up to Last Trading Day)	16	61,822,000	9,879,000	0	3,863,875	0.15	0.28
April (up to and including the Latest Practicable Date)	12	258,300,000	129,090,000	0	21,525,000	0.83	1.55

Note:

1. Based on 2,597,962,843 Shares in issue as at the Latest Practicable Date.

2. Based on 1,392,015,751 issued Shares held by the Independent Shareholders as at the Latest Practicable Date.

Source: website of the Stock Exchange (www.hkex.com.hk)

As illustrated in the table above, the average daily trading volume of the Shares had been active from March 2007 to August 2007 and was in the range of approximately 2.52% to 7.91% of the entire issued share capital of the Company as at the Latest Practicable Date and approximately 4.70% to 14.77% of the entire issued share capital held by the Independent Shareholders respectively. We noted that the aforesaid high trading volume in the Shares during the period from March 2007 to August 2007 was attributable to numerous activities of the Group in terms of the rise in trading volume of the Shares above the average trading volume of the Shares during the Review Period subsequent to the publication of the respective announcements to those activities of the Group, including, inter alia, (i) the appointment of new executive Directors and the chairman of the Board as announced on 2 April 2007 and 10 April 2007, which injected new blood into the management of the Group; (ii) the disposal of Nanjing International Center at Nanjing, the PRC as announced by the Company on 28 March 2007, which recorded a gain of approximately HK$19,635,000 to the Group; (iii) disposal of Goldbond Capital Holdings Limited as announced by the Company on 6 July 2007, which recorded a gain of approximately HK$33,059,000 to the Group; (iv) a top-up placing of Shares as announced by the Company on 20 July 2007, which raised a net proceeds of approximately HK$307,000,000 for the development of secured bridge finance services in the PRC and for general working capital of the Group; and (v) the acquisition of further 20% interest in Rongzhong Group Limited as announced on 16 August 2007, which became a major subsidiary of the Group after completion. However, the trading volume significantly lowered from September 2007 to March 2008 and was in the range of approximately 0.15% to 0.88% of the entire issued share capital of the Company as at the Latest Practicable Date and approximately 0.28% to 1.65% of the entire issued share capital held by the Independent Shareholders respectively.

Given the Shares were traded with low liquidity during the seven-month period prior to the Last Trading Day and the period from the resumption of trading in the Shares after the release of the Announcement up to the Latest Practicable Date, we consider that for the Independent Shareholders who may wish to realize their investment in the Company, especially those with relatively sizeable shareholdings, might not be able to do so without having an adverse impact on the market price level of the Shares. Therefore, we consider that the Share Offer provides a valid exit for the Independent Shareholders who would like to realize their investment in the Shares. Nevertheless, the Independent Shareholders who intend to dispose of part or all of their Shares are reminded to closely monitor the market price and the liquidity of the Shares during the period of the Offers and consider selling their Shares in the open market, instead of accepting the Share Offer, if the net proceeds from the disposal of such Shares in the open market would exceed that receivable under the Share Offer.

5. Comparable analysis

In assessing the fairness and reasonableness of the Share Offer, we have considered applying a comparable analysis through comparing a number of parameters such as closing price, market capitalization, audited net asset value, price-to-earnings ratio and price-to-net-asset-value ratio to companies listed on Main Board of the Stock Exchange or in the PRC with similar line of business of the Group, namely provision of financial services in loan guarantee and/or secured bridge finance in the PRC. Due to the unique business nature of the continuing operation of the Group, we have not been able to identify suitable comparable companies with similar business nature with the Group. Thus, we consider the aforesaid comparable analysis is not applicable.

We have also noted that the Group has property-held-for-sale of approximately HK$8,344,000 as at 30 September 2007, representing approximately 0.58% to the total assets of the Group, which has minimal impact on the Group's operation. Therefore, we consider that conducting a comparable analysis with other listed companies engaging in property investment in Hong Kong or in the PRC will not result a meaningful analysis on the Offers.

6. Background of the Offeror and its intention regarding the future of the Group

i. Background of the Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is owned as to 50% by Mr. Wong and as to 50% by Mrs. Wong. The Offeror is principally engaged in the holding of the Shares and its directors are Mr. Wong and Mrs. Wong.

Mr. Wong is also an executive Director. He joined the Company in January 2003 and is responsible for corporate strategic planning of the Group. Mr. Wong has over thirty years of worldwide experience in the procurement and logistics of consumer products. He is an international entrepreneur of repute and was the president and chief operating officer of Pacific Resources Export Limited ("Pacific Resources"). Pacific Resources had been the worldwide exclusive procurement agent for Wal-mart for twelve years until 2002, with annual turnover reaching approximately US$6.5 billion. Throughout his years in operating Pacific Resources and twenty-nine branch offices spreading over the world including the United States of America, South America, Central America, Indian Subcontinent, Middle East, Asia and Europe, Mr. Wong has accumulated valuable experience and profound knowledge, in particular, market mechanism and demand, manufacturing industry, financial market, capital investment and asset management.

Mr. Wong is the father of Ms. Michelle Wong, an executive Director. Mrs. Wong is the spouse of Mr. Wong and the mother of Ms. Michelle Wong.

ii. The Offeror's dealing in the securities of the Company

As stated in the "Letter from Taifook Securities" in the Composite Document, save for the Shares acquired through the Acquisitions, the Exercise and the transactions set out below, there has been no dealing in the securities of the Company by the Offeror and parties acting in concert with it during the six-month period immediately prior to the date of the Acquisitions and up to the Latest Practicable Date.

Date	Party(ies) involved	Average price per Share *(HK$)*	Number of Shares	Nature of dealings
2 October 2007	YHIL	N/A	N/A	Issue of the Convertible Note to YHIL
17 October 2007	Mr. Lan Ning, an executive Director	0.642	1,600,000	On-market sale of Shares by Mr. Lan Ning
25 October 2007	Taifook Asset Management Limited ("TAML"), a fellow subsidiary of Taifook Capital	0.75 *(Note)*	500,000 *(Note)*	On-market purchases of Shares by TAML for the account of its discretionary clients *(Note)*
14 November 2007	TAML	0.594	250,000	On-market sale of Shares by TAML for the account of its discretionary client
9 January 2008	Ease Ample Limited ("Ease Ample"), a company wholly owned by Mr. Lan Ning	0.58	960,000	On-market sale of Shares by Ease Ample
10 January 2008	Mr. Lan Ning	0.57	500,000	On-market sale of Shares by Mr. Lan Ning
10 January 2008	Ease Ample	0.58	650,000	On-market sale of Shares by Ease Ample
10 January 2008	TAML	0.57	250,000	On-market sale of Shares by TAML for the account of its discretionary client
15 January 2008	Ease Ample	0.5995	333,000	On-market sale of Shares by Ease Ample
15 January 2008	Goldbond Capital and Ace Solomon	0.522	169,798,449	Sale of Shares by Goldbond Capital to Ace Soloman
28 January 2008	Ease Ample	0.425	230,000	On-market sale of Shares by Ease Ample

Note: Such purchases of Shares took place before Taifook Capital was approached to discuss about acting as the financial adviser in relation to the Offers and Taifook Securities was approached to discuss about making the Offers on behalf of the Offeror. Therefore, Taifook Capital has made an application to the Executive, and the Executive has given a ruling, that such purchases were not relevant in determining the offer price of the Offers under Rule 26.3 of the Takeovers Code.

iii. Intention of the Offeror regarding the future of the Group

As stated in the "Letter from Taifook Securities" in the Composite Document, the Offeror is of the view that the business of investment and provision of financial services of the Group has good potential and accordingly considers it to be commercially justifiable to increase its shareholding in the Company. The Offeror will retain the senior management of the Group after completion of the Acquisitions. It is believed that the experience and expertise of the existing senior management of the Group are the main drive to the continued success of the Group. By retaining the stable senior management of the Group, it is also believed that the flourishing overall operation and operating results of the Group can be maintained which in turn will be in the interests of the Group and the Shareholders. The Offeror will continue the existing business of the Group and has no present plan of injecting any additional assets into or redeployment of the assets of the Group other than in its ordinary course of business.

7. Recommendation for the Share Offer

Taking into consideration the abovementioned factors and reasons for the Share Offer, including:

(i) the Share Offer Price represents a premium over the closing price of the Shares on the Latest Practicable Date, the Last Trading Day and the average closing prices of the Shares for the one-month, three-month and six-month period up to and including the Latest Practicable Date;

(ii) the low liquidity in the Shares for the seven-month period up to and including the Latest Practicable Date; and

(iii) the Share Offer Price represents a premium of approximately 93.77% over the unaudited consolidated net assets value attributable to equity holders of the Company per Share of approximately HK$0.3561 as at 30 September 2007 based on the interim report of the Company for the six months ended 30 September 2007.

although we are of the view that the prospect of the Group is positive in the near future, given the premium of the Share Offer Price over various parameters of the Share price as discussed above and the thin liquidity of the Shares, we are of the view that the Share Offer represents a valid exit for realizing their investments in the Shares and thus we are of the view that the Share Offer is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Share Offer.

The Independent Shareholders, in particular those who intend to accept the Share Offer, are reminded to note the recent fluctuation in the price of the Shares after the release of the Announcement, and that there is no guarantee that the current market price will or will not sustain and will or will not be higher than the Share Offer Price during and after the period of the Offers. The Independent Shareholders who intend to accept the Share Offer are reminded to closely monitor the market price and the liquidity of the Shares during the period of the Offers and shall, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Share Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Share Offer.

Given the Share Offer Price represents a premium of approximately 1.47% over the closing price of the Shares of approximately HK$0.68 per Share on the Latest Practicable Date and the low liquidity of the Shares during the Review Period, the Independent Shareholders who may wish to realize their investments in the Shares should note that they might not be able to do so, especially those with sizeable shareholdings, in the open market, without adversely affecting the market price level of the Shares. Thus, the Share Offer represents a valid exit for the Independent Shareholders who would like to realize their investments in the Shares.

The Independent Shareholders should read carefully the procedures for accepting the Share Offer detailed in Appendix I to the Composite Document.

8. Option Offer

As at the Latest Practicable Date, there were 153,600,000 outstanding Options entitling the Optionholders to subscribe for up to a total of 153,600,000 new Shares, of which 25,000,000 Options were held by Mr. Wong, 16,000,000 Options were held by Ms. Michelle Wong, 74,000,000 Options were held by the other executive Directors, namely Mr. Wang Jun, Mr. Ding Chung Keung, Vincent and Mr. Xie Xiao Qing, and 38,600,000 Options were held by an independent non-executive Director, namely Mr. Melvin Jitsumi Shiraki, and other employees of the Group. The number, exercise prices and exercisable periods of the outstanding Options are set out as follows:

Number of Options	**Exercise price**	**Exercisable period**
The Offeror and parties acting in concert with it		
Options owned by Mr. Wong, an executive Director:		
25,000,000 Options	HK$1.014 per Share	17 August 2010 to 16 August 2017
Options owned by Ms. Michelle Wong, an executive Director:		
16,000,000 Options	HK$0.256 per Share	29 March 2010 to 28 March 2017
Options owned by Mr. Wang Jun, an executive Director:		
25,000,000 Options	HK$1.014 per Share	17 August 2010 to 16 August 2017
Options owned by Mr. Ding Chung Keung, Vincent, an executive Director:		
8,000,000 Options	HK$0.210 per Share	1 January 2010 to 6 July 2016
25,000,000 Options	HK$1.014 per Share	17 August 2010 to 16 August 2017
Options owned by Mr. Xie Xiao Qing, an executive Director:		
16,000,000 Options	HK$0.256 per Share	29 March 2010 to 28 March 2017
The Independent Optionholders		
Options owned by Mr. Melvin Jitsumi Shiraki, an independent non-executive Director:		
1,600,000 Options	HK$0.132 per Share	1 January 2007 to 28 July 2015
Options owned by other employees of the Group:		
15,000,000 Options	HK$0.210 per Share	1 January 2010 to 6 July 2016
22,000,000 Options	HK$1.014 per Share	17 August 2010 to 16 August 2017

Pursuant to Rule 13 of the Takeovers Code, Taifook Securities is making, on behalf of the Offeror, the Option Offer on the following basis:

For cancellation of each Offer Option
with exercise price at HK$0.132 per Share . . . . .HK$0.558 in cash

For cancellation of each Offer Option
with exercise price at HK$0.210 per Share . . . . HK$0.480 in cash

For cancellation of each Offer Option
with exercise price at HK$1.014 per Share . . . . HK$0.0001 in cash

The principle of equality of treatment has been applied under Takeovers Code, i.e. a "see through" price has been adopted to make the Option Offer, in this circumstance, the intrinsic value for the outstanding Options at a practicable "see through" price.

The offer prices of the Offer Options represent the differences between the exercise prices of the Options outstanding of HK$0.132 per Share and HK$0.210 per Share respectively and the Share Offer Price of HK$0.69 per Share because the exercise prices under the outstanding Options is lower than the Share Offer Price and thus are "in-the-money".

The offer price for the outstanding Offer Options with exercise price of HK$1.014 per Share is higher than the Share Offer Price and thus aforesaid Offer Options are "out-of-money". If the Independent Optionholders of the aforesaid Options decide to accept the Option Offer, they will receive only HK$0.0001 in cash per Offer Option, which is a negligible amount.

As we are of the opinion that the Share Offer Price is fair and reasonable that the terms of Option Offer (including the offer prices thereof) are fair and reasonable based on the application of the principle of equality of treatment applied under the Takeovers Code, i.e. a "see through" price has been adopted to make the Option Offer. Therefore, we recommend the Independent Board Committee to advise the Independent Optionholders to accept the Option Offer.

The Independent Optionholders who intend to accept the Option Offer are reminded to closely monitor the market price and the liquidity of the Shares during the period of the Offers and shall, having regard to their own circumstances and investment objectives, consider exercising their Options and selling the Shares from such exercise in the open market, instead of accepting the Option Offer, if the net proceeds from the exercise of Options and sale of such Shares would be higher than that receivable under the Option Offer.

The Independent Optionholders should read carefully the procedures for accepting the Option Offer detailed in Appendix I to the Composite Document.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director

1. PROCEDURES FOR ACCEPTANCE OF THE OFFERS

A. The Share Offer

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer, you must send the completed **WHITE** Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer whether in full or in part of your Shares, you must either:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the completed **WHITE** Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the completed **WHITE** Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/ registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS

Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominee Limited.

(c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/ or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete the **WHITE** Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Taifook Securities and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the **WHITE** Form of Acceptance.

(e) Acceptance of the Share Offer will be treated as valid only if the completed **WHITE** Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other sub-paragraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange.

If the **WHITE** Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

(f) Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer, amounting to HK$1.00 for every HK$1,000 or part thereof of the greater of (i) the consideration payable by the Offeror in respect of the relevant acceptance; and (ii) the market value of the Shares, will be payable by the Independent Shareholders who accept the Share Offer and will be deducted from the consideration payable to such Independent Shareholders upon the Offers becoming unconditional. The Offeror will pay the buyer's ad valorem stamp duty on its own behalf and the seller's ad valorem stamp duty on behalf of the accepting Independent Shareholders in respect of the Offer Shares accepted under the Share Offer.

(g) No acknowledgement of receipt of any **WHITE** Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(h) If the Share Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event within ten days thereof, return by ordinary post the share certificate(s) lodged with the **WHITE** Form of Acceptance to the relevant Shareholder(s).

B. The Option Offer

(a) If you accept the Option Offer, you should complete the **PINK** Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Option Offer.

(b) The completed **PINK** Form of Acceptance should be forwarded, together with the relevant option certificate(s) (if any) stating the number of Options for not less than the number of Offer Options in respect of which you intend to accept the Option Offer, by post or by hand to the Company Secretary of the Company at Units 1901-06, 19th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong, marked "**Goldbond Group Holdings Limited Option Offer**" on the envelope, as soon as possible and in any event so as to reach the Company Secretary of the Company at the aforesaid address by no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

(c) If the Option Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event within ten days thereof, return by hand or by ordinary post the option certificate(s) (if any) lodged with the **PINK** Form of Acceptance to the relevant Optionholder(s).

(d) No stamp duty will be deducted from the amount paid to the Independent Optionholders who accept the Option Offer.

(e) No acknowledgement of receipt of any **PINK** Form of Acceptance and/or option certificate(s) (if any) will be given.

2. SETTLEMENT

A. The Share Offer

(a) Provided that the relevant **WHITE** Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount representing the cash consideration due to each accepting Independent Shareholder in respect of the Offer Shares tendered by him under the Share Offer, less seller's ad valorem stamp duty payable by him, will be despatched to each accepting Independent Shareholder by ordinary post at his own risk within 10 days of the later of the date on which all the relevant documents which render such acceptance complete and valid are received by the Registrar or the Unconditional Date.

(b) Settlement of the consideration to which any Independent Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

B. The Option Offer

(a) Provided that the relevant **PINK** Form of Acceptance and the relevant option certificate(s) (if any) are in complete and good order in all respects and have been received by the Company by no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount representing the cash consideration due to each accepting Independent Optionholder in respect of the Offer Options surrendered by him under the Option Offer will be despatched to each accepting Independent Optionholder by ordinary post at his own risk within 10 days of the later of the date on which all the relevant documents which render such acceptance complete and valid are received by the Company or the Unconditional Date.

(b) Settlement of the consideration to which any Independent Optionholder is entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Optionholder.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Offers have previously been revised or extended with the consent of the Executive or have previously become or been declared unconditional, all acceptances of the Share Offer must be received by the Registrar and all acceptances of the Option Offer must be received by the Company, by no later than 4:00 p.m. on 13 May 2008, being the First Closing Date. In accordance with Rule 15.3 of the Takeovers Code, where the Offers become or are declared unconditional, they should remain open for acceptance for not less than 14 days thereafter. If the next closing date is not stated in the announcement announcing the unconditionality of the Offers, at least 14 days' notice in writing must be given before the Offers are closed to those Independent Shareholders and those Independent Optionholders who have not accepted the Offers. The Offeror will make an announcement as and when the Offers become or are declared unconditional.

(b) The Offeror reserves the right to revise the Offers in accordance with the relevant provisions of the Takeovers Code.

(c) If the Offers are extended or revised, the announcement of such extension or revision will state the next closing date and the Offers will remain open for acceptance for a period of not less than 14 days from the posting of the written notification of the extension or revision to the Independent Shareholders and the Independent Optionholders and, unless previously extended or revised, shall be closed on the subsequent closing date. If the Offeror revises the terms of the Share Offer and/or the Option Offer, all Independent Shareholders and/or Independent Optionholders, whether or not they have already accepted the Share Offer or the Option Offer (as the case may be), will be entitled to accept the revised Offers under the revised terms. The benefit of any revision of the Offers will be available to any Shareholder and/or any Optionholder who has/have previously accepted the Share Offer and/or the Option Offer (as the case may be). The execution by or on behalf of any Shareholder who has previously accepted the Share Offer or any Optionholder who has previously accepted the Option Offer (as the case may be) of any **WHITE** Form of Acceptance or any **PINK** Form of Acceptance (as the case may be) shall be deemed to constitute acceptance of the revised Share Offer or Option Offer (as the case may be) unless such holder becomes entitled to withdraw his or her acceptance and duly does so.

(d) The Offeror may introduce new conditions to be attached to any revision to the terms of the Offers, or any subsequent revision thereof but only to the extent necessary to implement the revised Offers and subject to the consent of the Executive.

(e) In order to be valid, acceptances must be received by the Registrar (for the Share Offer) or the Company (for the Option Offer) in accordance with the instructions printed on the relevant Form(s) of Acceptance by no later than 4:00 p.m. on the First Closing Date, unless the Offers are extended or revised.

(f) If the closing date of the Offers is extended, any reference in this Composite Document and in the Forms of Acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers as so extended.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares, whose investments are registered in nominee names, to accept the Share Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Share Offer.

5. ANNOUNCEMENTS

(a) By 6:00 p.m. on 13 May 2008 (or such later time and/or date as the Executive agrees) which is the First Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, or extension, expiry or unconditionality of the Offers. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the First Closing Date stating the results of the Offers and whether the Offers have been revised or extended, have expired or have become or been declared unconditional.

The announcement must state the total number of Shares and rights over Shares:

(i) for which acceptances of the Offers have been received;

(ii) held, controlled or directed by the Offeror or persons acting in concert with it before the offer period (as defined under the Takeovers Code); and

(iii) acquired or agreed to be acquired during the offer period (as defined under the Takeovers Code) by the Offeror or persons acting in concert with it.

The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

(b) In computing the total number of Offer Shares represented by acceptances, for announcement purposes, acceptances which are not in all respects in complete and good order or that are subject to verification may only be included where they could be counted towards fulfilling the acceptance condition under paragraph 1A(e) of this Appendix.

(c) As required under the Takeovers Code, all announcements in respect of listed companies must be made in accordance with the requirements of the Listing Rules. Given that the Company is a listed company, announcements made by it in respect of the Offers are required to be made in accordance with the Listing Rules.

6. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offers tendered by the Independent Shareholders and the Independent Optionholders, as the case may be, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below or in compliance with Rule 17 of the Takeovers Code which provides that an acceptor shall be entitled to withdraw his acceptance within 21 days from the First Closing Date, if the Offers have not by then become unconditional as to acceptances.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "Announcements" above, the Executive may require that the Independent Shareholders and the Independent Optionholders who have tendered acceptances to the Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

7. GENERAL

(a) All communications, notices, Forms of Acceptance, certificates of Shares or Options (if any), transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and the Independent Optionholders will be delivered by or sent to or from them, or their designated agents by post at their own risk, and none of the Company, the Offeror, Taifook Capital, Taifook Securities, Grand Vinco, the Registrar nor any of their respective directors or professional advisers or other parties involved in the Offers or any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Forms of Acceptance form part of the terms of the Offers.

(c) The accidental omission to despatch this Composite Document and/or Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.

(d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, Taifook Securities or such person or persons as the Offeror may direct to complete and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Offer Shares and the Offer Options (as the case may be) in respect of which such person or persons has/have accepted the Offers.

(f) Acceptance of the Offers by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Offer Shares and the Offer Options acquired under the Offers are sold by such person or persons free from all liens, charges, options, claims, equities, adverse interests, third party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto including the rights to receive all future dividends or other distributions declared, paid or made on the Offer Shares, if any, on or after 22 April 2008, being the date of this Composite Document.

(g) References to the Offers in this Composite Document and in the Forms of Acceptance shall include any revision and/or extension thereof.

(h) The making of the Offers to the Overseas Shareholders and the Overseas Optionholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders and the Overseas Optionholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholder and Overseas Optionholder who wishes to accept the Offers to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required in compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders and Overseas Optionholders shall be fully responsible for the payment of any transfer or other taxes and duties by whomsoever payable in respect of all relevant jurisdictions. Acceptances of the Offers by any such person will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws. The Overseas Shareholders and the Overseas Optionholders are recommended to seek professional advice on deciding whether to accept the Offers.

(i) Acceptances of the Offers by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws to receive and accept the Offers, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.

(j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offers) to all or any Independent Shareholders or Independent Optionholders with registered address(es) outside Hong Kong or whom the Offeror or Taifook Securities knows to be nominees, trustees or custodians for such persons by announcement or paid advertisement in any daily newspaper published and circulated in Hong Kong in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders or Independent Optionholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.

(k) In making their decision, the Independent Shareholders and the Independent Optionholders must rely on their own examination of the Offeror, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form(s) of Acceptance shall not be construed as any legal or business advice on part of the Company, the Offeror or Taifook Securities or their respective professional advisers. The Independent Shareholders and the Independent Optionholders should consult their own professional advisers for professional advice.

(l) The English texts of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

1. FINANCIAL SUMMARY

The following is a summary of the audited consolidated results of the Group for the three years ended 31 March 2007. The auditors' reports as set out in the respective annual reports of the Company for each of the three years ended 31 March 2007 were unqualified. There was no extraordinary or exceptional item affecting the audited consolidated financial statements of the Company for the three years ended 31 March 2007. No dividend was declared by the Company for the three years ended 31 March 2007.

Results

	For the year ended 31 March		
	2007	**2006**	**2005**
		(Re-stated)	**(Re-stated)**
	HK$'000	*HK$'000*	*HK$'000*
Continuing operation			
Turnover	24,876	8,091	–
Other income	5,391	4,707	–
Other operating expenses	(53,802)	(39,766)	(15,643)
Impairment loss on amount due from a jointly controlled entity	–	(2,888)	(2,400)
Impairment loss recognised in respect of goodwill	–	(11,411)	–
Share of profits/(loss) of associates	6,061	5,784	(1,351)
Finance costs	(20,508)	(10,545)	–
Loss before taxation	(37,982)	(46,028)	(19,394)
Taxation	(466)	(355)	–
Loss for the year from continuing operation	(38,448)	(46,383)	(19,394)
Discontinued operation			
Profit for the year from discontinued operation	87,151	50,244	46,477
Profit for the year	48,703	3,861	27,083
Earnings (loss) per share			
From continuing and discontinued operations – Basic	2.93 cents	0.23 cents	1.63 cents
From continuing operation – Basic	(2.31) cents	(2.79) cents	(1.17) cents

Notes:

1. The comparative figures of 2006 and 2005 are restated in order to present the continuing and discontinued operation components and the restatement had no effect on the financial position. Please refer to Note 13 Discontinued Operation of pages 76 and 77 of this Composite Document for details.

2. There was no minority interest in the above audited consolidated financial statements of the Company for the three years ended 31 March 2007.

2. AUDITED FINANCIAL STATEMENTS

Set out below are the audited consolidated financial statements of the Group for the two years ended 31 March 2007 together with the notes thereon as extracted from the annual report of the Company for the year ended 31 March 2007:

Consolidated Income Statement
For the year ended 31 March 2007

	Notes	**2007** *HK$'000*	**2006 (Re-stated)** *HK$'000*
Continuing operation			
Turnover	*7*	24,876	8,091
Other income		5,391	4,707
Other operating expenses		(53,802)	(39,766)
Impairment loss on amount due from a jointly controlled entity		–	(2,888)
Impairment loss recognised in respect of goodwill		–	(11,411)
Share of profits of associates		6,061	5,784
Finance costs	*9*	(20,508)	(10,545)
Loss before taxation	*10*	(37,982)	(46,028)
Taxation	*12*	(466)	(355)
Loss for the year from continuing operation		(38,448)	(46,383)
Discontinued operation			
Profit for the year from discontinued operation	*10 & 13*	87,151	50,244
Profit for the year		48,703	3,861
Earnings (loss) per share	*15*		
From continuing and discontinued operations – Basic		2.93 cents	0.23 cents
From continuing operation – Basic		(2.31) cents	(2.79) cents

Consolidated Balance Sheet
As at 31 March 2007

	Notes	2007 HK$'000	2006 (Re-stated) HK$'000
Non-current assets			
Investment properties	16	–	458,700
Plant and equipment	17	4,953	5,592
Interest in associates	19	41,599	35,538
Interest in jointly controlled entities	20	–	96,504
Club debentures	21	3,000	3,000
		49,552	599,334
Current assets			
Amount due from associate	19	8	40,260
Amount due from a jointly controlled entity	20	–	11,643
Held for trading securities	22	–	225
Properties held for sale	23	8,010	7,634
Debtors, advances provided to customers, prepayments and deposits	24	110,431	29,577
Security deposits	25	37,969	18,848
Pledged deposits	26	24,076	20,261
Bank balances and cash	26	46,392	26,292
		226,886	154,740
Non-current assets classified as held for sale	13	634,849	–
		861,735	154,740
Current liabilities			
Loans from a related company	27	48,143	26,302
Amounts due to minority shareholders	28	21,047	15,740
Other payables and accrued charges		70,605	29,261
Taxation		631	848
Bank borrowings – amount due within one year	29	81,050	62,074
Convertible notes	30	97,038	–
Liabilities arising from financial guarantee contracts	31	2,413	306
		320,927	134,531
Liabilities associated with non-current assets classified as held for sale	13	160,270	–
		481,197	134,531
Net current assets		380,538	20,209
		430,090	619,543

	Notes	2007 HK$'000	2006 (Re-stated) HK$'000
Capital and reserves			
Share capital	33	167,444	166,244
Reserves		246,746	191,270
Equity attributable to equity holders of the Company		414,190	357,514
Non-current liabilities			
Bank borrowings – amount due after one year	29	10,000	151,006
Convertible notes	30	–	88,904
Redeemable convertible preference shares	32	1,373	1,194
Deferred taxation	34	4,527	17,000
Amounts due to minority shareholders	28	–	3,194
Liabilities arising from financial guarantee contracts	31	–	731
		15,900	262,029
		430,090	619,543

Balance Sheet
As at 31 March 2007

	Notes	2007 HK$'000	2006 (Re-stated) HK$'000
Non-current assets			
Plant and equipment	17	223	496
Interest in subsidiaries	18	200,584	200,584
Interest in jointly controlled entities	20	–	1,802
Club debentures	21	3,000	3,000
		203,807	205,882
Current assets			
Amount due from associate	19	8	40,260
Amounts due from subsidiaries	18	63,780	163,870
Held for trading securities	22	–	225
Other receivables and prepayment	24	333	84
Pledged deposits	26	20,070	20,261
Bank balances and cash	26	3,659	349
		87,850	225,049
Non-current assets classified as held for sale	13	103,227	–
		191,077	225,049
Current liabilities			
Amounts due to a subsidiary	18	21,054	25,918
Other payables and accrued charges		12,796	4,367
Bank borrowings – amount due within one year	29	12,000	46,500
Convertible notes	30	97,038	–
Liabilities arising from financial guarantee contracts	31	–	306
		142,888	77,091
Liabilities associated with non-current assets classified as held for sale	13	2,633	–
		145,521	77,091
Net current assets		45,556	147,958
		249,363	353,840

	Notes	2007 HK$'000	2006 (Re-stated) HK$'000
Capital and reserves			
Share capital	33	167,444	166,244
Reserves	35	80,546	94,302
Total equity		247,990	260,546
Non-current liabilities			
Convertible notes	30	–	88,904
Redeemable convertible preference shares	32	1,373	1,194
Liabilities arising from financial guarantee contracts	31	–	3,196
		1,373	93,294
		249,363	353,840

Consolidated Statement of Changes in Equity

For the year ended 31 March 2007

	Attributable to equity holders of the Company								
	Share capital *HK$'000*	Share premium *HK$'000*	Revaluation reserve *HK$'000*	Employee share-based compensation reserve *HK$'000*	Convertible notes reserve *HK$'000* *(note 30)*	General reserve *HK$'000*	Translation reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 April 2005	166,244	97,713	3,000	852	22,297	6,000	–	53,742	349,848
Exchange differences on translation of operations outside Hong Kong recognised directly in equity	–	–	–	–	–	–	1,696	–	1,696
Profit for the year	–	–	–	–	–	–	–	3,861	3,861
Total recognised income for the year	–	–	–	–	–	–	1,696	3,861	5,557
Recognition of equity-settled share-based payments	–	–	–	2,109	–	–	–	–	2,109
At 31 March 2006 and 1 April 2006	166,244	97,713	3,000	2,961	22,297	6,000	1,696	57,603	357,514
Exchange differences on translation of operations outside Hong Kong recognised directly in equity	–	–	–	–	–	–	3,859	–	3,859
Profit for the year	–	–	–	–	–	–	–	48,703	48,703
Total recognised income for the year	–	–	–	–	–	–	3,859	48,703	52,562
Sub-total	166,244	97,713	3,000	2,961	22,297	6,000	5,555	106,306	410,076
Issue of shares	1,200	576	–	–	–	–	–	–	1,776
Exercise of share options	–	345	–	(345)	–	–	–	–	–
Lapse of share options	–	–	–	(181)	–	–	–	181	–
Recognition of equity-settled share-based payments	–	–	–	2,338	–	–	–	–	2,338
At 31 March 2007	167,444	98,634	3,000	4,773	22,297	6,000	5,555	106,487	414,190

Consolidated Cash Flow Statement

For the year ended 31 March 2007

	2007	2006 (Re-stated)
	HK$'000	*HK$'000*
Operating activities		
Profit before taxation	38,179	12,968
Adjustments for:		
Dividend income from listed securities	(6)	(86)
Depreciation	1,726	1,014
Finance costs	28,715	17,705
Income from amortisation of financial guarantee contracts	(520)	(641)
Loss (gain) on disposal of fixed assets	27	(5)
Share of profits of associates	(6,061)	(5,784)
Share of losses (profits) of jointly controlled entities	1,982	(63)
Change in fair value of investment properties	(66,300)	(39,838)
Interest income	(3,170)	(2,273)
Net realised and unrealised gains on held for trading securities	(297)	(2,158)
Equity-settled share-based payment expenses	2,338	2,109
Allowance for debtors	312	556
Effect of foreign exchange rate	1,980	310
Impairment loss recognised in respect of goodwill	–	11,411
Impairment loss on amount due from a jointly controlled entity	–	2,888
Operating cash flows before movements in working capital	(1,095)	(1,887)
(Increase) decrease in debtors, advances provided to customers, prepayments and deposits	(89,843)	12,070
Increase in properties held for sale	(376)	(7,634)
Increase in security deposits	(19,121)	(9,147)
Increase in liabilities arising from financial guarantee contracts	2,413	–
Increase in other payables and accrued charges	50,091	4,437
Cash used in operations	(57,931)	(2,161)
Hong Kong Profits Tax paid	(1,734)	(620)
PRC income tax paid	(466)	–
Tax refunded	–	89
Net cash used in operating activities	(60,131)	(2,692)

	Note	2007 HK$'000	2006 (Re-stated) HK$'000
Investing activities			
Repayment from an associate		80,726	–
Repayment from employees		8,677	–
Proceeds from disposal of held for trading securities		2,238	12,950
Interest received		1,461	594
Proceeds from disposal of plant and equipment		125	158
Dividend received from listed securities		6	86
Loan to associate		(40,000)	(40,000)
Purchase of held for trading securities		(1,716)	(11,017)
Purchase of plant and equipment and investment properties		(1,054)	(5,041)
Net cash inflow upon acquisition of subsidiaries	*37*	–	5,548
Loans to employees		–	(18,077)
Dividend received from jointly controlled entity		–	500
Net cash from (used in) investing activities		50,463	(54,299)
Financing activities			
New bank loans raised		138,550	59,500
Advance from a related company		42,900	26,302
Issue of shares upon exercise of share options		1,776	–
Repayment of bank loans		(109,574)	(24,412)
Repayment of loans from a related company		(21,000)	–
Interest paid		(18,161)	(10,099)
Increase in pledged deposits		(3,815)	(20,261)
Advance from minority shareholders		–	18,934
Release of pledged deposits		–	20,005
Net cash from financing activities		30,676	69,969
Net increase in cash and cash equivalents		21,008	12,978
Cash and cash equivalents at beginning of the year		26,292	13,314
Effect of foreign exchange rate changes		(908)	–
Cash and cash equivalents at end of the year, representing bank balances and cash		46,392	26,292

Notes to the Consolidated Financial Statements

For the year ended 31 March 2007

1. GENERAL AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company is a public limited company incorporated in Hong Kong with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the Annual Report.

The Company is an investment holding company. The principal activities of the Group are provision of financial services and property leasing and development.

The financial statements are presented in Hong Kong dollars which is the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, a number of new HKFRSs, amendments of Hong Kong Accounting Standards ("HKASs") and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005, 1 January 2006 or 1 March 2006. The adoption of the new HKFRSs has resulted in changes to the Group's and the Company's accounting policies in the following areas that have an effect on how the results and financial position for the current or prior accounting periods have been prepared and presented:

Financial guarantee contracts

In the current year, the Group has applied HKAS 39 and HKFRS 4 (Amendments) "Financial Guarantee Contracts" which is effective for annual periods beginning on or after 1 January 2006.

A financial guarantee contract is defined by HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") as "a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument".

The Group and/or the Company acts as the issuer of the financial guarantee contracts in relation to financial guarantees granted to banks over the repayment of loans by the jointly controlled entities and a subsidiary

Prior to 1 January 2006, financial guarantee contracts were not accounted for in accordance with HKAS 39 and those contracts were disclosed as contingent liabilities. A provision for financial guarantee was only recognised when it was probable that an outflow of resources would be required to settle the financial guarantee obligation and the amount can be estimated reliably.

Upon the application of these amendments, a financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" ("HKAS 37"); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue" ("HKAS 18").

In relation to financial guarantees granted to banks over the repayment of loans by the jointly controlled entities, the Group has applied the transitional provisions in HKAS 39. The fair value of the financial guarantee contracts at the date of grant of HK$1,802,000, representing a deemed capital contribution to the jointly controlled entities, has been adjusted to the carrying amount of interest in jointly controlled entities and a financial guarantee liability has been recognised. The effect of this change in accounting policy is shown in Note 3.

In relation to financial guarantees granted to banks over the repayment of loans by the subsidiary and the jointly controlled entities, the Company has applied the transitional provisions in HKAS 39. The fair values of the financial guarantee contracts at the respective date of grant of HK$3,509,000 and HK$1,802,000, representing deemed capital contributions to the subsidiary and jointly controlled entities, have been adjusted to the carrying amounts of interest in subsidiaries and interest in jointly controlled entities and financial guarantee liabilities have been recognised. The effect of this change in accounting policy is shown in Note 3.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, amendment or interpretations will have no material impact on the results and the financial position of the Group and the Company.

HKAS 1 (Amendment)	Capital disclosures [1]
HKAS 23 (Revised)	Borrowing costs [2]
HKFRS 7	Financial instruments: disclosures [1]
HKFRS 8	Operating segments [2]
HK(IFRIC)* – INT 8	Scope of HKFRS 2 [3]
HK(IFRIC) – INT 9	Reassessment of embedded derivatives [4]
HK(IFRIC) – INT 10	Interim financial reporting and impairment [5]
HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions [6]
HK(IFRIC) – INT 12	Service concession arrangements [7]

1 Effective for annual periods beginning on or after 1 January 2007.

2 Effective for annual periods beginning on or after 1 January 2009.

3 Effective for annual periods beginning on or after 1 May 2006.

4 Effective for annual periods beginning on or after 1 June 2006.

5 Effective for annual periods beginning on or after 1 November 2006.

6 Effective for annual periods beginning on or after 1 March 2007.

7 Effective for annual periods beginning on or after 1 January 2008.

* IFRIC represents the International Financial Reporting Interpretations Committee.

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

THE GROUP

The cumulative effect of the application of the new HKFRSs as at 31 March 2006 is summarised below:

	As at 31 March 2006 (Originally stated)	**Adjustment**	**As at 31 March 2006 and 1 April 2006 (Re-stated)**
	HK$'000	*HK$'000*	*HK$'000*
Balance sheet items			
Interest in jointly controlled entities	95,467	1,037	96,504
Liabilities arising from financial guarantee contracts	–	(1,037)	(1,037)

There is no material impact on the effect of changes in accounting policies described above on the results for the current and prior year.

THE COMPANY

The effect of the application of the new HKFRSs on the results for the current and prior year is as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Income from amortisation of financial guarantee contracts	870	992
Increase in profit for the year	870	992

The cumulative effect of the application of the new HKFRSs as at 31 March 2006 is summarised below:

	As at 31 March 2006 (Originally stated)	**Adjustment**	**As at 31 March 2006 and 1 April 2006 (Re-stated)**
	HK$'000	*HK$'000*	*HK$'000*
Balance sheet items			
Interest in subsidiaries	197,075	3,509	200,584
Interests in joint controlled entities	–	1,802	1,802
Liabilities arising from financial guarantee contracts	–	(3,502)	(3,502)
Total effects on assets and liabilities	197,075	1,809	198,884
Accumulated losses	(39,478)	1,809	(37,669)
Total effects on equity	(39,478)	1,809	(37,669)

The effect of the application of the new HKFRSs on the Company's equity at 1 April 2005 is summarised below:

	As at 1 April 2005 (Originally stated)	**Adjustment**	**As at 1 April 2005 (Re-stated)**
	HK$'000	*HK$'000*	*HK$'000*
Retained profits	6,686	817	7,503
Total effects on equity	6,686	817	7,503

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

Goodwill arising on an acquisition of a subsidiary which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary or associate at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition of a subsidiary is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Joint ventures

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entity recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' (disposal groups') previous carrying amount and fair value less costs to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Rental income from operating leases is recognised in the income statement on a straight line basis over the term of the relevant lease.

Guarantee and related financial service income is recognised in the income statement and amortised on a straight line basis over the guarantee period.

Management fee income is recognised when the management service is rendered.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Plant and equipment

Plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognition of the asset is determined as the difference between the net disposal proceeds and the carrying amount of the item and is included in the consolidated income statement in the year in which the item is derecognised.

Impairment (other than goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as an income immediately.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i. e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i. e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operations and translated at the date of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the transaction reserve.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Properties held for sale

Properties held for sale are stated at the lower of cost or net realisable value.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss which include those held for trading are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including amount due from an associate, amount due from a jointly controlled entity, debtors, advances provided to customers, deposits, security deposits, pledged deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Available-for-sale financial assets

Available-for-sale financial assets (including club debentures) are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in profit or loss in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by an entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Convertible notes

Convertible notes issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity (convertible notes reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes reserve until the embedded option is exercised (in which case the balance stated in convertible notes reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes reserve will be released to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

Redeemable convertible preference shares

Preference shares that are redeemable and convertible to ordinary shares at the option of the holder, where the option will result in the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments, are accounted for as described in the policy of "Convertible notes".

Other financial liabilities

The Group's other financial liabilities include loans from a related company, amounts due to minority shareholders, other payables and bank borrowings. The Company's financial liabilities include amounts due to a subsidiary, other payables and bank borrowings. These financial liabilities of the Group and the Company are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period, with a corresponding increase in equity (employee share-based compensation reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss, with a corresponding adjustment to employee share-based compensation reserve.

At the time when the share options are exercised, the amount previously recognised in employee share-based compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in employee share-based compensation reserve will be transferred to retained profits.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management had made the following estimates that have the most significant effects on the amounts recognised in the consolidated financial statements.

Impairment loss of advances provided to customers

Impairment loss of advances provided to customers are assessed and provided based on the estimation of future cash flows. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include debtors, advances provided to customers, security deposits, pledged deposits, bank balances, loans from a related company, amounts due to minority shareholders, other payables, bank borrowings and convertible notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank borrowings, loans from a related company and amounts due to minority shareholders (see respective notes). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

Credit risk

As at 31 March 2007, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet; and

- the amount of contingent liabilities disclosed in Note 40.

In relation to the secured consumer financing services, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's loan guarantee service business is to provide guarantees to banks or other parties in favour of customers which exposes the Group to credit risk. The Group has set up a credit team in each location responsible for the evaluation of customers' credit rating to ensure that all customers have healthy financial background and adequate repayment abilities. Management has set up the credit limits which are subject to the discretionary power of the general managers of each location. Any further extension of credit beyond these approval limits has to be first approved by senior management and then by the directors of Rongzhong Group Limited, a 51% owned subsidiary of the Company. The credit teams are also required to take follow-up action where customers have defaulted on the repayment of loans to banks. These contingent liabilities have been disclosed in Note 40.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

The Group finances its operations by a combination of borrowings and equity. Adequate lines of credit are maintained to ensure necessary liquidity is available when required. The management monitors the liquidity position of the Group on a periodical basis to ensure the availability of sufficient liquid funds to meet all obligations.

Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

7. TURNOVER

Turnover represents the gross rental income derived from the investment properties situated in Hong Kong, and the financial service income from provision of loan guarantee services and secured consumer financing services in the People's Republic of China other than Hong Kong (the "PRC").

An analysis of the Group's turnover for the year, for both continuing operation and discontinued operation are as follows:

	2007 HK$'000	2006 HK$'000
Continuing operation		
Financial service income	24,876	8,091
Discontinued operation		
Gross rental income	34,778	31,871
	59,654	39,962

8. SEGMENT INFORMATION

Business segments

The Group comprises the following main business segments:

(a) Financial services: The provision of loan guarantee services and secured consumer financing services.

(b) Property leasing and development: The leasing of shops/premises to generate rental income and gain from the appreciation in property values in the long term.

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

	Continuing operation Financial services		Discontinued operation Property leasing and development		Consolidated	
	2007	2006	2007	2006	2007	2006 (Re-stated)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from external customers	24,876	8,091	34,778	31,871	59,654	39,962
Change in fair value of investment properties	–	–	66,300	39,838	66,300	39,838
Segment results*	(34,834)	(40,716)	92,395	65,188	57,561	24,472
Investment income					3,473	4,517
Unallocated corporate expenses					(18,727)	(14,708)
Finance costs					(8,207)	(7,160)
Share of profits of associates	6,061	5,784			6,061	5,784
Share of (losses) profits of jointly controlled entities			(1,982)	63	(1,982)	63
Profit before taxation					38,179	12,968
Taxation					10,524	(9,107)
Profit for the year					48,703	3,861

* Included in segment results are HK$20,508,000 (2006: HK$10,545,000) finance costs of the continuing operation.

An analysis of the Group's balance sheet by business segments is as follows:

	Continuing operation		Discontinued operation			
	Financial services		Property leasing and development		Consolidated	
	2007	2006	2007	2006	2007	2006 (Re-stated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets						
Segment assets	196,426	76,350	540,548	468,639	736,974	544,989
Interests in associates	41,599	35,538			41,599	35,538
Interests in jointly controlled entities			96,971	96,504	96,971	96,504
Unallocated assets					35,743	77,043
Total assets					911,287	754,074
Liabilities						
Segment liabilities	205,227	62,913	12,092	11,103	217,319	74,016
Unallocated liabilities						
– mortgage loans					151,006	164,580
– corporate liabilities					128,772	157,964
Total liabilities					497,097	396,560
Other information:						
Capital additions	1,040	1,144	14	3,897	1,054	5,041
Depreciation	1,719	710	7	304	1,726	1,014
Impairment loss of						
– amount due from a jointly controlled entity	–	2,888	–	–	–	2,888
– goodwill	–	11,411	–	–	–	11,411
Allowance for debtors	312	397	–	159	312	556

Geographical segments

The Group operates, through its subsidiaries, associates and jointly controlled entities in two principal economic environments-Hong Kong and the PRC.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital additions are based on the geographical location of assets.

	Hong Kong		PRC		Unallocated		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	34,778	31,871	24,876	8,091	–	–	59,654	39,962
Segment assets	556,647	486,138	204,436	83,984	150,204	183,952	911,287	754,074
Capital additions	14	3,897	1,040	1,144	–	–	1,054	5,041

9. FINANCE COSTS

	Continuing operation		Discontinued operation		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest on borrowings						
– wholly repayable within five years	12,195	2,939	–	–	12,195	2,939
– not wholly repayable within five years	–	–	8,207	7,160	8,207	7,160
Interest on convertible notes	8,134	7,451	–	–	8,134	7,451
Interest on redeemable convertible preference shares	179	155	–	–	179	155
	20,508	10,545	8,207	7,160	28,715	17,705

10. PROFIT (LOSS) BEFORE TAXATION

	Continuing operation		Discontinued operation		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit (loss) before taxation has been arrived at after charging:						
Other staff costs	26,563	21,411	593	663	27,156	22,074
Other staff's retirement benefits scheme contributions	1,422	1,016	19	17	1,441	1,033
Equity-settled share based payment expenses	2,296	2,053	42	56	2,338	2,109
Total staff costs (including directors' remuneration)	30,281	24,480	654	736	30,935	25,216
Allowance for debtors	312	397	–	159	312	556
Auditor's remuneration	1,577	1,191	240	200	1,817	1,391
Depreciation	1,719	710	7	304	1,726	1,014
Exchange loss	–	328	–	–	–	328
Loss on disposal of plant and equipment	27	–	–	–	27	–
Operating lease rentals in respect of properties	5,344	3,803	–	–	5,344	3,803
Repairs and maintenance expenses of investment properties	–	–	330	667	330	667
Share of associates' taxation charge	1,063	983	–	–	1,063	983
Share of jointly controlled entities' taxation charge	–	–	–	1,213	–	1,213
and after crediting:						
Dividend income from listed securities	6	86	–	–	6	86
Exchange gain	1,165	–	–	–	1,165	–
Gain on disposal of plant and equipment	–	5	–	–	–	5
Income from club debentures	123	143	–	–	123	143
Interest income	1,869	1,363	1,301	910	3,170	2,273
Net gains on fair value changes of held for trading securities	297	2,158	–	–	297	2,158
Rental income from investment properties less direct outgoings of HK$6,157,000 (2006: HK$6,040,000)	–	–	28,621	25,831	28,621	25,831
Share of jointly controlled entities' taxation credit	–	–	1,727	–	1,727	–

11. DIRECTORS' AND EMPLOYEES' REMUNERATION

The remuneration of each director for the year ended 31 March 2007 is set out below:

	Directors' fees	Salaries, allowances and benefits	Retirement benefit scheme contributions	Discretionary bonus	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Mr. Wong Yu Lung, Charles	–	1,440	12	120	199	1,771
Mr. Kee Wah Sze	–	960	12	–	199	1,171
Mr. Lan Ning	–	958	13	–	199	1,170
Mr. Ding Chung Keung, Vincent	–	1,300	12	80	372	1,764
Miss Wong, Michelle Yatyee	–	10	1	–	6	17
Independent non-executive directors						
Mr. Ip Yin Wah	60	–	–	–	32	92
Mr. Ma Ho Fai SBS JP	120	–	–	–	32	152
Mr. Melvin Jitsumi Shiraki	60	–	–	–	32	92
Total	240	4,668	50	200	1,071	6,229

The remuneration of each director for the year ended 31 March 2006 is set out below:

	Directors' fees	Salaries, allowances and benefits	Retirement benefit scheme contributions	Discretionary bonus	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Mr. Wong Yu Lung, Charles	–	1,710	12	120	265	2,107
Mr. Kee Wah Sze	–	900	12	–	265	1,177
Mr. Ko Po Ming	25	–	–	–	110	135
Mr. Lan Ning	–	861	18	–	265	1,144
Mr. Ding Chung Keung, Vincent	–	980	10	80	220	1,290
Ms. Loh Jiah Yee, Katherine	10	–	–	–	–	10
Independent non-executive directors						
Mr. Ip Yin Wah	60	–	–	–	28	88
Mr. Ma Ho Fai SBS JP	120	–	–	–	28	148
Mr. Melvin Jitsumi Shiraki	60	–	–	–	28	88
Mr. Zhang Xiao Shu	20	–	–	–	–	20
Total	295	4,451	52	200	1,209	6,207

Notes:

(1) The discretionary bonus is determined with reference to the operating results and individual performance during both years.

(2) In the year ended 31 March 2007, Mr. Wong Yu Lung, Charles waived emoluments of HK$550,000. No directors waived emoluments in the year ended 31 March 2006.

Employees' emoluments

During both years, the five highest paid individuals included four directors, details of whose remuneration are included above. The remuneration of the only remaining highest paid individual is as follows:

	2007	2006
	HK\$'000	*HK\$'000*
Salaries and other emoluments	714	845
Share-based payments	5	–
Retirement benefit scheme contributions	12	6
	731	851

The emoluments of the aforesaid employee are less than HK\$1,000,000.

No emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. TAXATION

	Continuing operation		Discontinued operation		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*
The charge (credit) comprises:						
Current tax						
Hong Kong Profits Tax						
– Provision for current year	–	–	1,500	1,176	1,500	1,176
– (Over) underproduction in prior years	–	–	(17)	257	(17)	257
PRC income tax	466	257	–	–	466	257
	466	257	1,483	1,433	1,949	1,690
Deferred tax *(note 34)*	–	98	(12,473)	7,319	(12,473)	7,417
	466	355	(10,990)	8,752	(10,524)	9,107

Hong Kong Profits Tax is calculated at 17. 5% (2006: 17. 5%) of the estimated assessable profit for the year. Taxation in the PRC has been provided at the rates prevailing in the respective jurisdictions.

The taxation (credit) charge for the year can be reconciled to the (loss) profit before taxation per the consolidated income statement as follows:

	2007	**2006**
	HK$'000	*HK$'000*
(Loss) profit before taxation		
Continuing operation	(37,982)	(46,028)
Discontinued operation	76,161	58,996
	38,179	12,968
Tax at the domestic income tax rate of 17. 5% (2006: 17. 5%)	6,681	2,269
Tax effect of income not taxable for tax purposes	(11,499)	(1,063)
Tax effect of expenses not deductible for tax purposes	10,581	8,231
Tax effect of tax losses not recognised	3,445	2,529
Tax effect of utilisation of prior year tax losses	(2,097)	–
Reversal of deferred taxation liability arising from the change of intention in relation to investment properties	(12,797)	–
Effect from tax rates of different jurisdictions	(4,821)	(3,116)
(Over) underprovision in prior years	(17)	257
Taxation (credit) charge for the year	(10,524)	9,107

13. 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 (note 42(a)). The details of the Transactions are disclosed in the circular dated 28 March 2007 issued by the Company.

While in March 2007, the Group entered into a sale and purchase agreement with a related company to dispose of its entire interest in a subsidiary, Sino Dynasty Investments Limited (the "Disposal"). Sino Dynasty Investments Limited maintains a 25% interest in both Nanjing City Plaza Construction Co. Limited and Ace Intelligent Consultants Limited. The Disposal was completed in June 2007 (note 42(f)). The details of the Disposal is disclosed in the circular dated 19 April 2007 issued by the Company.

The above Transactions and Disposal constitute the property leasing and development business to be discontinued.

The assets and liabilities attributable to the business, which would be sold within twelve months, have been classified as disposal groups held for sale and are presented separately in the consolidated balance sheet (see below). The net proceeds of the above disposals are expected to exceed the net carrying amounts of the relevant assets and liabilities accordingly, no impairment loss has been recognised.

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

	2007	2006
	HK$'000	*HK$'000*
Turnover	34,778	31,871
Direct outgoings	(6,157)	(6,040)
Other income	1,483	2,543
Change in fair value of investment properties	66,300	39,838
Other operating expenses	(10,054)	(2,119)
Share of (losses) profits of jointly controlled entities	(1,982)	63
Finance costs	(8,207)	(7,160)
Profit before taxation	76,161	58,996
Taxation	10,990	(8,752)
Profit for the year	87,151	50,244

During the year, the property leasing and development business contributed HK$20,050,000 (2006: HK$26,255,000) to the Group's net operating cash flows, and utilised HK$8,207,000 (2006: HK$7,160,000) in respect of financing activities.

The major classes of assets and liabilities comprising the property leasing and development business as at 31 March 2007 are as follows:

	THE GROUP	THE COMPANY
	HK$'000	*HK$'000*
Assets classified as held for sale		
Investment properties *(note 16)*	525,000	–
Interest in jointly controlled entities *(note 20)*	96,971	1,802
Amount due from a jointly controlled entity *(note 20)*	12,878	–
Amount due from a subsidiary *(note 18)*	–	101,425
	634,849	103,227
Liabilities associated with assets classified as held for sale		
Bank borrowings *(note 29)*	151,006	–
Other payables and accrued charges	8,747	–
Liabilities arising from financial guarantee contracts *(note 31)*	517	2,633
	160,270	2,633

Note: The fair value of the Group's investment properties at 31 March 2007 has been arrived at on the basis of a valuation carried out on that date by Knight Frank Petty Limited ("Knight Frank"), independent qualified professional valuers not connected with the Group. Knight Frank are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was performed on an open market value basis by reference to the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

14. DIVIDEND

No dividend was paid or proposed during 2007, nor has any dividend been proposed since the balance sheet date (2006: Nil).

15. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic earnings per share is based on the profit for the year of HK$48,703,000 (2006: HK$3,861,000) and on the weighted average of 1,662,944,000 (2006: 1,662,440,000) shares in issue during the year.

No diluted earnings per share has been presented as the conversion of the convertible notes and share options would increase the loss per share from continuing operation.

From continuing operation

The calculation of the basic loss per share is based on the loss for the year of HK$38,448,000 (2006: HK$46,383,000) and on the weighted average of 1,662,944,000 (2006: 1,662,440,000) shares in issue during the year.

No diluted loss per share has been presented as the conversion of the convertible notes and share options would result in an increase in the loss per share.

From discontinued operation

The basic earnings per share for the discontinued operations is 5.24 cents per share (2006: 3.02 cents per share) based on the profit for the year from the discontinued operation of HK$87,151,000 (2006: HK$50,244,000) and on the weighted average of 1,662,944,000 (2006: 1,662,440,000) shares in issue during the year.

No diluted earnings per share has been presented as the conversion of the convertible notes and share options would increase the loss per share from continuing operation.

16. INVESTMENT PROPERTIES

THE GROUP

	HK$'000
At 1 April 2005	415,108
Additions	3,862
Disposals	(108)
Change in fair value of investment properties	39,838
At 31 March 2006 and 1 April 2006	458,700
Change in fair value of investment properties	66,300
Transfer to non-current assets classified as held for sale *(note 13)*	(525,000)
At 31 March 2007	–

Notes:

(a) The fair values of the Group's investment properties at 31 March 2006 and at the date of transfer to non-current assets classified as held for sale have been arrived at on the basis of a valuation carried out on the respective date by Knight Frank, independent qualified professional valuers not connected with the Group. Knight Frank are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was performed on an open market value basis by reference to the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

(b) The investment properties are situated in Hong Kong and are held under long leases.

(c) All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes were measured using the fair value model and were classified and accounted for as investment properties as at 31 March 2006 and up to the date of transfer to non-current assets classified as held for sale. According to the Transactions as detailed in Note 13, the investment properties, which will be sold within twelve months, have been reclassified to non-current assets classified as held for sale.

17. PLANT AND EQUIPMENT

	Furniture, fixtures and other fixed assets	
	2007	**2006**
	HK$'000	*HK$'000*
THE GROUP		
COST		
At 1 April	6,795	968
Exchange adjustments	138	59
Additions	1,054	1,179
Acquisition of subsidiaries	–	4,641
Disposals	(254)	(52)
At 31 March	7,733	6,795
ACCUMULATED DEPRECIATION		
At 1 April	1,203	189
Exchange adjustments	(47)	7
Charge for the year	1,726	1,014
Eliminated on disposals	(102)	(7)
At 31 March	2,780	1,203
NET CARRYING VALUES		
At 31 March	4,953	5,592
THE COMPANY		
COST		
At 1 April	970	946
Additions	15	24
At 31 March	985	970
ACCUMULATED DEPRECIATION		
At 1 April	474	178
Charge for the year	288	296
At 31 March	762	474
NET CARRYING VALUES		
At 31 March	223	496

The above items of plant and equipment are depreciated on a straight line basis at the rates of 20% to 33⅓% per annum.

18. INTEREST IN SUBSIDIARIES

	THE COMPANY	
	2007	**2006**
	HK$'000	*HK$'000*
Unlisted shares, at cost	197,075	197,075
Deemed capital contribution	3,509	3,509
	200,584	200,584
Amounts due from subsidiaries	165,205	163,870
Transfer to non-current assets classified as held for sale *(note 13)*	(101,425)	–
	63,780	163,870

The amounts due from subsidiaries are unsecured, interest free and repayable on demand. Subject to the Disposal as detailed in Note 13, amounts due from subsidiaries, which would be sold within twelve months, have been reclassified to non-current assets classified as held for sale.

Particulars of the principal subsidiaries at 31 March 2007 are set out in Note 44.

The Company has an amount due to a subsidiary of HK$21,054,000 as at 31 March 2007 (2006: HK$25,918,000) which is unsecured, interest free and has no fixed terms of repayment.

19. INTEREST IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Share of net assets	41,599	35,538	–	–
Amount due from associate	8	40,260	8	40,260

The Company has granted an unsecured revolving facility of up to HK$40,000,000 to Goldbond Capital Holdings Limited ("GCHL") for a term of three years commencing 6 March 2006. The revolving facility is interest bearing at the prime interest rate plus 3% per annum. A commitment fee of 0.25% per annum is imposed on any outstanding undrawn facilities. The loan was settled during the year, and the balance as at 31 March 2007 represents the outstanding commitment fee receivable from GCHL.

Particulars of the associate are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital	Proportion of ownership interest indirectly held by the Company	Principal activity
GCHL*	Incorporated	Hong Kong	HK$150,000,000	20%	Investment holding company of financial services companies

* The associate has a financial year ending of 31 December.

Summarised financial information on associate

The summarised financial information of GCHL and its subsidiaries as extracted from the management accounts at 31 March is set out below:

	2007	2006
	HK$'000	*HK$'000*
Total assets	378,575	455,858
Total liabilities	(170,414)	(277,902)
Minority interest	(170)	(266)
Net assets attributable to the equityholders of associate	207,991	177,690
Group's share of net assets of associates	41,599	35,538
Revenue	107,035	103,369
Profit for the year	30,305	28,917
Group's share of result of associate for the year	6,061	5,784

20. INTEREST IN JOINTLY CONTROLLED ENTITIES

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Share of net assets	60,501	60,034	–	–
Goodwill	34,668	34,668	–	–
Deemed capital contribution	1,802	1,802	1,802	1,802
	96,971	96,504	1,802	1,802
Transfer to non-current assets classified as assets held for sale *(note 13)*	(96,971)	–	(1,802)	–
	–	96,504	–	1,802
Amount due from a jointly controlled entity	12,878	11,643	–	–
Transfer to non-current assets classified as assets held for sale *(note 13)*	(12,878)	–	–	–
	–	11,643	–	–

The following list contains only the particulars of a jointly controlled entity, which principally affected the results or net assets of the Group as at 31 March 2007:

Name of jointly controlled entity	**Form of business structure**	**Place of incorporation and operation**	**Particulars of issued and paid up capital/ registered capital**	**Proportion of ownership interest indirectly held by the Company**	**Principal activity**
Nanjing City Plaza Construction Co., Ltd. 南京國際商城建設有限公司* ("Nanjing City Plaza")	Equity joint venture	The PRC	US$10,000,000	25%	Investment holding

* This jointly controlled entity and its subsidiaries have a financial year ending 31 December.

During the year ended 31 March 2004, the Group entered into a shareholders' loan agreement with Nanjing City Plaza. Pursuant to the agreement, the Group advanced a sum of HK$10,000,000 to Nanjing City Plaza at an interest rate of 2% per annum above the prime interest rate. The amount is unsecured and repayable on demand. At 31 March 2007, the outstanding loan and interest receivable from Nanjing City Plaza amounted to HK$10,000,000 (2006: HK$10,000,000) and approximately HK$2,878,000 (2006: HK$1,643,000) respectively.

Subject to the Disposal as detailed in Note 13, the interest in jointly controlled entities and the amount due from a jointly controlled entity, which would be sold within twelve months, have been reclassified to non-current assets classified as held for sale.

The summarised financial information in respect of the Group's share of interest of the major jointly controlled entity, Nanjing City Plaza and its subsidiaries, as extracted from the management accounts at 31 March is set out below:

	2007	**2006 (Re-stated)**
	HK$'000	*HK$'000*
Assets and liabilities		
Non-current assets	81,244	78,786
Current assets	407,108	365,357
Non-current liabilities	(198,067)	(184,724)
Current liabilities	(164,516)	(135,558)
	125,769	123,861
Minority interests	(63,611)	(62,258)
	62,158	61,603
Income	–	–
Expenses	(1,910)	(789)
Loss for the year	(1,910)	(789)

As at 31 March 2007, included in current liabilities and non-current liabilities were bank loans totalling RMB901,107,000 (2006: RMB888,382,000) which were secured by the following items:

(i) Certain cash and bank balances of Nanjing City Plaza and its subsidiaries amounting to RMB238,952,000 (2006: RMB253,258,000) were pledged to banks as security for bank loans totalling RMB235,000,000 (2006: RMB250,000,000).

(ii) Certain bank loans with an aggregate amount of RMB117,130,000 (2006: RMB120,405,000) were subject to a charge over the shares of Nanjing International Group Limited ("Nanjing International Group") in which Nanjing City Plaza owns a 66.96% equity interest. The bank loans were further secured by the entire equity interest of Nanjing City Plaza owned by the Group and its other shareholders and the dividends, profits and other monies derived therefrom.

(iii) Certain parts of properties under development with an aggregate carrying value of RMB1,334,206,000 (2006: RMB1,213,850,000) were used to secure bank loans and other borrowing with an aggregate amount of RMB548,977,000 (2006: RMB517,977,000).

21. CLUB DEBENTURES

THE GROUP AND THE COMPANY

The fair values of the club debentures were determined by reference to recent market prices for similar debentures.

22. HELD FOR TRADING SECURITIES

	THE GROUP AND THE COMPANY	
	2007	**2006**
	HK$'000	*HK$'000*
Listed securities:		
Equity securities listed in Hong Kong	–	225

23. PROPERTIES HELD FOR SALE

	THE GROUP	
	2007	**2006**
	HK$'000	*HK$'000*
Properties held for sale, at cost	8,010	7,634

The properties held for sale comprise properties in the Wuhan region, the PRC. It is not the Group's intention to hold these properties in the long term for capital appreciation or rental income.

24. DEBTORS, ADVANCES PROVIDED TO CUSTOMERS, PREPAYMENTS AND DEPOSITS

	THE GROUP		THE COMPANY	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Debtors and advances provided to customers	19,658	4,613	–	–
Loans receivable	72,432	1,021	–	–
Prepayments, deposits and other receivables	18,341	23,943	333	84
	110,431	29,577	333	84

The loans receivable are secured by assets placed by customers of the pawn shop, interest bearing at 5.4% per annum and repayable according to the loan agreements which usually cover a period of one to three months.

Included in the Group's prepayments, deposits and other receivables are amounts totalling RMB9,400,000 equivalent to approximately HK$9,400,000 (2006: RMB18,800,000 equivalent to approximately HK$18,077,000) which represent advances to employees. Such advances are secured by the entire equity interest in a company owned by the employees. This company is incorporated and engaged in mining business in the PRC. The advances are interest bearing at 6% per annum and repayable within one year.

For property leasing and development business, the Group allows an average credit period of 30 days to its tenants. For the financial service business, the Group allows an average credit period of 30 days to a maximum of 180 days.

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

	THE GROUP	
	2007	**2006**
	HK$'000	*HK$'000*
Outstanding balances aged:		
– within one month	15,195	3,603
– more than one month but less than three months	3,888	721
– more than three months	575	289
	19,658	4,613

25. SECURITY DEPOSITS

Security deposits are placed by the Group with banks to secure the Group's due performance in relation to the financial services business in the PRC. The security deposits carry interest at prevailing market rates which range from 0.72% to 3.06%.

26. BANK BALANCES AND CASH/PLEDGED DEPOSITS

Pledged deposits represent deposits pledged to banks to secure banking facilities granted to the Group. The Group and the Company pledged deposits amounting to HK$24,076,000 (2006: HK$20,261,000) and HK$20,070,000 (2006: HK$20,261,000) to secure short term bank borrowings and undrawn facilities and are therefore classified as current assets.

The bank balances of the Group and the Company carry interest at prevailing market rates which range from 0.72% to 3.06% and 2.46% to 2.78% respectively. The pledged deposits of the Group and the Company carry fixed interest rate of 0.72% to 5.22% and 4.33% to 5.22% respectively.

The amount of pledged deposits of the Group and the Company includes an amount of HK$20,070,000 (2006: HK$20,261,000) which is denominated in United States dollars.

27. LOANS FROM A RELATED COMPANY

THE GROUP

The loans are unsecured and repayable within one year. Included in the loans from a related company, a balance of approximately HK$19,500,000 is interest bearing at 3% per annum above the Federal Funding Rate. The remaining balances are interest bearing at rates ranging from the prime interest rate to 1% per annum above the prime interest rate.

As at 31 March 2006, the loans from a related company were unsecured, interest bearing at rates ranging from the prime interest rate to 2% per annum above the prime interest rate.

28. AMOUNTS DUE TO MINORITY SHAREHOLDERS

THE GROUP

The amounts due to minority shareholders are unsecured, interest bearing at rates ranging from the prime interest rate to 2% per annum above the prime interest rate (2006: the prime interest rate to 2% per annum above the prime interest rate). At 31 March 2007, the amounts due to minority shareholders are repayable within one year. Included in the amounts as at 31 March 2006 were amounts of HK$3,194,000 which were repayable after 31 March 2007 and hence classified as non-current liabilities. The remaining balances are repayable within one year.

29. BANK BORROWINGS

At 31 March 2007, all the bank loans are secured and were repayable as follows:

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	94,624	62,074	12,000	46,500
After 1 year but within 2 years	23,574	13,574	–	–
After 2 years but within 5 years	40,722	40,722	–	–
After 5 years	83,136	96,710	–	–
	242,056	213,080	12,000	46,500
Less: Amount due within one year shown under current liabilities	(81,050)	(62,074)	(12,000)	(46,500)
Transfer to liabilities associated with non-current assets held for sale *(note 13)*	(151,006)	–	–	–
Amount due after one year	10,000	151,006	–	–

THE GROUP

The Group's bank borrowings are variable-rate borrowings which carry annual interests at the range of Hong Kong Interbank Offer Rate ("HIBOR") plus 0.8% to HIBOR plus 1.15%. Interest is repriced every 1-3 months.

The Group's borrowings are denominated in the functional currencies of the relevant group entities.

Pursuant to the Transactions as detailed in Note 13, the bank borrowings amounting to HK$151,006,000 as at 31 March 2007 were subsequently repaid upon the completion of the Transactions in order to release the legal title of the investment properties, and hence these have been reclassified to liabilities associated with non-current assets held for sale.

As at 31 March 2007, the Group's banking facilities were granted by several banks in Hong Kong and the PRC, which are secured by the following:

(a) certain investment properties of the Group with an aggregate carrying value of HK$520,500,000 (2006: HK$454,900,000) and an assignment of the rental income derived therefrom;

(b) a charge over the shares of Perfect Manor Limited, a wholly owned subsidiary of the Company, together with the subordination of the Company's loans to Perfect Manor Limited;

(c) a corporate guarantee of HK$200,000,000 issued by the Company;

(d) pledged deposits of US$2,573,000 (2006: US$2,597,000) equivalent to approximately HK$20,070,000 (2006: HK$20,261,000), and RMB4,007,000 (2006: Nil) equivalent to approximately HK$4,007,000 (2006: Nil);

(e) floating charges over interest in subsidiaries and certain assets of Rongzhong Group Limited with an aggregate carrying value of HK$96,660,000 and HK$47,437,000 respectively (2006: HK$96,660,000 and HK$20,162,000); and

(f) the properties held for sale of the Group with an aggregate carrying value of RMB8,010,000 (2006: RMB7,340,000) equivalent to approximately HK$8,010,000 (2006: HK$7,634,000).

The pledged investment properties were released upon the repayment of the relevant bank borrowings subsequent to the balance sheet date.

30. CONVERTIBLE NOTES

THE GROUP AND THE COMPANY

On 5 August 2004, the Company issued convertible notes with a nominal value of HK$70,000,000 to a related company which is under common control. The notes are interest free and mature on 5 August 2007. They may be converted into ordinary shares of the Company at a conversion price of HK$0.17 per ordinary share, subject to adjustment upon the occurrence of certain events. Upon full conversion, the notes shall be converted into 411,764,705 ordinary shares of the Company.

On 31 December 2004, the Company issued convertible notes with a nominal value of HK$30,000,000 to a related company which has common directors. The notes are interest free and mature on 5 August 2007. They may be converted into ordinary shares of the Company at a conversion price of HK$0.129 per ordinary share, subject to adjustment upon the occurrence of certain events. Upon full conversion, the notes shall be converted into 232,558,140 ordinary shares of the Company.

The convertible notes were split into liability and equity components of HK$77,703,000 and HK$22,297,000 respectively upon initial recognition by recognising the liability component at its fair value and attributing to the equity component the residual amount. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible notes reserve. The effective interest rate of the liability component is 8.75% per annum.

31. LIABILITIES ARISING FROM FINANCIAL GUARANTEE CONTRACTS

	THE GROUP		**THE COMPANY**	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For outsiders	2,413	–	–	–
For jointly controlled entities	517	1,037	2,633	3,502
	2,930	1,037	2,633	3,502

THE GROUP

As at 31 March 2007, the Group provided financial guarantees of RMB822,726,000 equivalent to approximately HK$822,726,000 (2006: RMB142,397,000 equivalent to approximately HK$136,920,000) to customers under the guarantee service business. Liabilities arising from the financial guarantee business represents the management's best estimate of the Group's liability based on prior experience and default history of the business.

In July 2004, the Company granted a guarantee of US$3,750,000, equivalent to approximately HK$29,250,000 in respect of banking facilities granted to a jointly controlled entity.

In May 2005, the Company entered into funding, allocation and distribution agreements in respect of a bank loan of RMB148,977,000, equivalent to approximately HK$148,977,000 borrowed by a jointly controlled entity. Pursuant to such agreements, the Company has taken on the funding undertaking and buy-back undertakings, details of which were set out in the Company's circular dated 14 June 2005. All these undertakings are in aggregate subject to a maximum of 16.7% of the outstanding amounts and any other associated costs from time to time in respect of such loan, under which the Company will, pursuant to the agreements, purchase the residential units in the North Tower of Phase I of Nanjing International Center at RMB5,000 per square meter or, if required by the bank, and arrange a refinancing facility.

At the respective date of grant, the fair value of the financial guarantee contracts was assessed by external valuers, Vigers Appraisal & Consulting Limited, amounting to US$137,000 (equivalent to approximately HK$1,069,000) and RMB762,000 (equivalent to approximately HK$733,000) respectively. Subject to the Disposal as detailed in Note 13, the Group's obligations as guarantor would be subsequently discharged and the unamortised balance of financial guarantee contracts of HK$517,000 as at 31 March 2007 has been reclassified to liabilities associated to non-current assets held for sale.

THE COMPANY

Save as disclosed above, in April 2003, the Company granted a guarantee of HK$200,000,000 in respect of banking facilities granted to a subsidiary. At the date of grant, the fair value of the financial guarantee contracts was assessed by external valuers, Vigers Appraisal & Consulting Limited, amounting to HK$3,509,000. Subject to the Transactions as detailed in Note 13, the related bank borrowings would be subsequently repaid, and the Company's obligation as guarantor would be subsequently discharged. The unamortised balance of financial guarantee contracts of HK$2,633,000 as at 31 March 2007 has been reclassified to liabilities associated to non-current assets held for sales.

32. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

THE GROUP AND THE COMPANY

At 31 March 2007, 68,400,000 preference shares were in issue (2006: 68,400,000 preference shares). The preference shares carry no right to dividend distributions to the holders. The conversion rights attached to the preference shares lapsed with no conversion by 17 September 2004.

Pursuant to the terms and conditions of the preference shares, the preference shares may be redeemed by the holders of the preference shares at any time subsequent to 50 years after the date of issue at a redemption value of HK$10.00 per preference share.

The preference shares were split into liability and equity components of HK$811,000 and HK$6,029,000, respectively upon initial recognition by recognising the liability component at its fair value and attributing to the equity component the residual amount. The liability component is carried at amortised cost and the equity component has been included in retained profits since the conversion rights lapsed in prior year. The effective interest rate of the liability component is 13.97% per annum.

33. SHARE CAPITAL

	Number of shares *'000*	Amount *HK$'000*
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2005, 31 March 2006 and 31 March 2007	25,000,000	2,500,000
Issued and fully paid:		
At 1 April 2005 and 31 March 2006	1,662,440	166,244
Issue of shares on the exercise of share options	12,000	1,200
At 31 March 2007	1,674,440	167,444

During the year, the Company allotted and issued a total of 12,000,000 ordinary shares of HK$0.10 each at HK$0.148 per share as a result of the exercise of share options. All the shares which were issued during the year rank pari passu with the existing shares in all respects.

34. DEFERRED TAXATION

THE GROUP

The followings are the major deferred taxation liabilities recognised by the Group and movements thereon during the current and prior years:

	Accelerated tax depreciation *HK$'000*	Revaluation surplus of investment properties *HK$'000*	Total *HK$'000*
At 1 April 2005	1	9,582	9,583
Charge to income statement *(note 12)*	445	6,972	7,417
At 31 March 2006 and 1 April 2006	446	16,554	17,000
Charge (credit) to income statement *(note 12)*	324	(12,797)	(12,473)
At 31 March 2007	770	3,757	4,527

At 31 March 2007, the Group had unrecognised tax losses of approximately HK$146,677,000 (2006: HK$137,538,000) available to offset against future profits. No deferred taxation asset has been recognised due to the unpredictability of future profit streams. Included in the unrecognised tax losses are losses of HK$113,152,000 (2006: HK$110,766,000) that may be carried forward indefinitely and the balance will expire at various dates in the coming five years.

THE COMPANY

At 31 March 2007, the Company has unrecognised tax losses of approximately HK$105,354,000 (2006: HK$105,644,000) available to offset against future profits. The tax losses may be carried forward indefinitely. No deferred taxation asset has been recognised due to the unpredictability of future profit streams.

35. RESERVES

	Share premium *HK$'000*	Revaluation reserve *HK$'000*	Employee share-based compensation reserve *HK$'000*	Convertible notes reserve *HK$'000*	General reserve *HK$'000*	Retained profits (accumulated losses) *HK$'000*	Total *HK$'000*
THE COMPANY							
At 1 April 2005, as originally stated	97,713	3,000	852	22,297	6,000	6,686	136,548
Effect of changes in accounting policies *(note 3)*	–	–	–	–	–	817	817
At 1 April 2005, as restated	97,713	3,000	852	22,297	6,000	7,503	137,365
Loss for the year	–	–	–	–	–	(45,172)	(45,172)
Recognition of equity-settled share-based payments	–	–	2,109	–	–	–	2,109
At 31 March 2006 and 1 April 2006	97,713	3,000	2,961	22,297	6,000	(37,669)	94,302
Loss for the year	–	–	–	–	–	(16,670)	(16,670)
Issue of shares	576	–	–	–	–	–	576
Exercise of share options	345	–	(345)	–	–	–	–
Lapse of share options	–	–	(181)	–	–	181	–
Recognition of equity-settled share-based payments	–	–	2,338	–	–	–	2,338
At 31 March 2007	98,634	3,000	4,773	22,297	6,000	(54,158)	80,546

36. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants, including the Company's directors and other eligible participants of the Group. The Scheme became effective on 18 September 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. On 29 August 2003, amendments were made to give clarity to the Scheme.

The maximum number of shares which may be issued upon exercise of all outstanding options granted but not yet exercised under the Scheme and any other share option scheme shall not in aggregate exceed 30 percent of the shares in issue of the Company from time to time. The total number of shares may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme must not in aggregate exceed 10 percent of shares in issue as at the date of approval of the Scheme.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme to each participant in any 12-month period shall not exceed 1 percent of the issued share capital of the Company for the time being.

The offer of a grant of share options may be accepted no later than 21 days from the date of offer with HK$1 as consideration being payable by the grantee. The exercise period of the share options granted is determinable by the directors, and commences on the date upon which the option is granted and accepted and ends on the expiry date of the option as may be determined by the directors, which shall not be later than ten years after the date of offer.

The subscription price of a share option is determined by the directors, but may not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trades in one or more board lots of shares on the date of offer; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer; and (iii) the nominal value of the share.

A summary of the movements of the outstanding options and their related weighted average exercise prices during each of the two years ended 31 March 2007 under the Company's share option scheme is as follows:

Date of grant	Exercise period	Exercise price *HK$*	Outstanding at 1 April 2006	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2007
			Number of share options				
8.11.2004	1.1.2007-7.11.2014	0.148	113,000,000	–	(12,000,000)	(2,000,000)	99,000,000
30.5.2005	1.1.2007-29.5.2015	0.136	16,000,000	–	–	–	16,000,000
29.7.2005	1.1.2007-28.7.2015	0.132	4,800,000	–	–	–	4,800,000
7.7.2006	1.1.2010-6.7.2016	0.210	–	32,000,000	–	–	32,000,000
6.2.2007	1.6.2007-5.2.2017	0.174	–	3,000,000	–	–	3,000,000
29.3.2007	29.3.2010- 28.3.2017	0.256	–	32,000,000	–	–	32,000,000
			133,800,000	67,000,000	(12,000,000)	(2,000,000)	186,800,000
			HK$	*HK$*	*HK$*	*HK$*	*HK$*
Weighted average exercise price per share			0.146	0.230	0.148	0.148	0.176

Date of grant	Exercise period	Exercise price *HK$*	Outstanding at 1 April 2005	Granted during the year	Lapsed during the year	Outstanding at 31 March 2006
			Number of share options			
8.11.2004	1.1.2007-7.11.2014	0.148	131,000,000	–	(18,000,000)	113,000,000
30.5.2005	1.1.2007-29.5.2015	0.136	–	16,000,000	–	16,000,000
29.7.2005	1.1.2007-28.7.2015	0.132	–	4,800,000	–	4,800,000
			131,000,000	20,800,000	(18,000,000)	133,800,000
			HK$	*HK$*	*HK$*	*HK$*
Weighted average exercise price per share			0.148	0.135	0.148	0.146

Details of the options held by the directors included in the above table are as follows:

Date of grant	Exercise period	Exercise price *HK$*	Outstanding at 1 April 2006	Granted during the year	Lapsed during the year	Outstanding at 31 March 2007
			Number of share options			
8.11.2004	1.1.2007-7.11.2014	0.148	64,000,000	–	–	64,000,000
29.7.2005	1.1.2007-28.7.2015	0.132	4,800,000	–	–	4,800,000
7.7.2006	1.1.2010-6.7.2016	0.210	–	8,000,000	–	8,000,000
29.3.2007	29.3.2010-28.3.2017	0.256	–	16,000,000	–	16,000,000
			68,800,000	24,000,000	–	92,800,000

Date of grant	Exercise period	Exercise price	Number of share options Outstanding at 1 April 2005	Granted during the year	Lapsed during the year	Outstanding at 31 March 2006
		HK$				
8.11.2004	1.1.2007-7.11.2014	0.148	80,000,000	–	(16,000,000)	64,000,000
29.7.2005	1.1.2007-28.7.2015	0.132	–	4,800,000	–	4,800,000
			80,000,000	4,800,000	(16,000,000)	68,800,000

Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a binomial lattice model. The contractual life of the option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

For the year ended 31 March 2007

Grant dates	**7.7.2006**	**7.7.2006**	**6.2.2007**	**29.3.2007**	**29.3.2007**
Fair value of share options and assumptions:					
Fair value at measurement dates *(HK$)*	0.084	0.103	0.053	0.143	0.124
Share price *(HK$)*	0.195	0.195	0.174	0.243	0.243
Exercise price *(HK$)*	0.210	0.210	0.256	0.256	0.256
Expected volatility (expressed as a weighted average volatility used in the modelling under binomial lattice model)	45.90%	45.90%	55.00%	62.00%	62.00%
Option life (expressed as a weighted average life used in the modelling under binomial lattice model)	5.5	8.1	2.4	5.3	7.9
Expected dividends	–	–	–	–	–
Risk-free interest rate (based on Exchange Fund Notes)	4.89%	4.89%	4.26%	4.185%	4.18%

For the year ended 31 March 2006

Grant dates	**30.5.2005**	**29.7.2005**
Fair value of share options and assumptions:		
Fair value at measurement dates *(HK$)*	0.026	0.038
Share price *(HK$)*	0.132	0.131
Exercise price *(HK$)*	0.136	0.132
Expected volatility (expressed as a weighted average volatility used in the modelling under binomial lattice model)	48.20%	47.20%
Option life (expressed as a weighted average life used in the modelling under binomial lattice model)	3.4	4.0
Expected dividends	–	–
Risk-free interest rate (based on Exchange Fund Notes)	3.61%	3.78%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

The vesting period of share options is from the date of grant until the commencement of the exercise period.

The Group recognised total expenses of HK$2,338,000 (2006: HK$2,109,000) relating to share option payment transactions during the year ended 31 March 2007.

37. ACQUISITION OF SUBSIDIARIES

On 27 June 2005, the Group entered into an acquisition agreement (the "Acquisition Agreement") with a shareholder of Rongzhong Group Limited, a then jointly controlled entity of the Group. Pursuant to the Acquisition Agreement, the Group acquired an additional 11% equity interest in Rongzhong Group Limited at a consideration of US$11 (equivalent to approximately HK$86). Immediately after the completion of the Acquisition Agreement, the Group's equity interest in Rongzhong Group Limited increased from 40% to 51%. The acquisition was completed on 7 July 2005.

The principal activity of Rongzhong Group Limited and its subsidiaries was the provision of loan guarantee services in the PRC.

On 31 October 2005, Rongzhong Group Limited completed the acquisition of the entire equity interest in 武漢市融眾信用擔保有限公司 Wuhan City Rongzhong Credit Guarantee Co., Limited ("Wuhan Rongzhong"), a company incorporated in the PRC, at a consideration of RMB22,041,000 (equivalent to approximately HK$21,194,000). The principal activity of Wuhan Rongzhong was the provision of loan guarantee services in the PRC.

The acquisitions contributed revenue of HK$8,091,000 and a net loss of HK$27,976,000 to the Group for the period from the acquisition dates to 31 March 2006. If the acquisitions had occurred on 1 April 2005, the Group's revenue would have been HK$40,650,000 and profit after taxation would have been HK$3,861,000 for the year ended 31 March 2006.

The Group considered that at each of the date of acquisitions, the carrying amounts of the acquirees' assets and liabilities were not materially different from their fair values. The assets and liabilities arising from the acquisitions are as follows:

Net (liabilities) assets acquired:

	Rongzhong Group Limited *HK$'000*	Wuhan Rongzhong *HK$'000*	Total *HK$'000*
Plant and equipment	2,747	1,894	4,641
Debtors, advances provided to customers, prepayments and deposits	35,741	11,673	47,414
Security deposits	5,107	4,594	9,701
Bank balances and cash	13,269	13,473	26,742
Other payables and accrued charges	(10,009)	(475)	(10,484)
Amounts due to shareholders	(60,101)	(13,422)	(73,523)
Net identifiable (liabilities) assets	(13,246)	17,737	4,491
Share of net liabilities attributable to the Group upon acquisition (11%)	(1,457)		
Net liabilities transferred from minority interests (49%)	(6,491)		
Share of net liabilities attributable to the Group on the purchase of the initial 40% equity interest	(6)		
Net (liabilities) assets acquired	(7,954)	17,737	9,783
Goodwill arising on consolidation	7,954	3,457	11,411
Total purchase price paid, satisfied in cash	–	21,194	21,194
Less: Cash of subsidiaries acquired	(13,269)	(13,473)	(26,742)
Net cash (inflow) outflow in respect of the acquisition of subsidiaries	(13,269)	7,721	(5,548)

The above goodwill was primarily attributable to the potential profitability of the loan guarantee business in the PRC and the expertise of the management team.

The recoverable amount of the cash generating unit ("CGU"), loan guarantee business (Rongzhong Group Limited including Wuhan Rongzhong), was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of one year. Cash flows beyond the one-year period were extrapolated using the estimated rates stated below. The growth rates did not exceed the respective long-term average growth rates for the business in which the CGU operated.

Key assumptions used for value-in-use calculations:

	%
Growth rate	15.0
Discount rate	9.0

Management determined the budgeted growth rate based on past performance and its expectation for market development. The discount rates used were pre-tax and reflect specific risks relating to the relevant segment.

Based on the recoverable amount, the carrying amount of goodwill was considered to be impaired. Accordingly, the carrying amount of goodwill of HK$11,411,000 was written off to the consolidated income statement in prior year.

38. CAPITAL COMMITMENTS

At the balance sheet date, the following capital commitments exist:

	2007	**2006**
	HK$'000	*HK$'000*
THE GROUP		
Contracted for but not provided in the consolidated financial statements		
– acquisition of plant and equipment	243	–
– acquisition of a subsidiary	500	–
	743	–
THE GROUP'S SHARE OF CAPITAL COMMITMENTS OF A JOINTLY CONTROLLED ENTITY		
Contracted for but not provided in the consolidated financial statements		
– construction of properties under development	114,710	114,926
	115,453	114,926
THE COMPANY		
Contracted for but not provided in the financial statements		
– acquisition of plant and equipment	243	–

39. OPERATING LEASE COMMITMENTS

At 31 March 2007, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

As lessee

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

	THE GROUP		THE COMPANY	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	4,392	4,673	52	816
After one year but within five years	6,177	7,891	–	52
	10,569	12,564	52	868
The Group's share of operating lease commitments of the jointly controlled entities				
Within one year	35	426	–	–
After one year but within five years	–	103	–	–
	35	529	–	–

As lessor

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

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Within one year	21,874	32,380
After one year but within five years	10,716	16,989
	32,590	49,369

Subsequent to the balance sheet date, the leases signed with tenants by the Group with commitment totaling HK$30,035,000 were transferred to the purchaser of the Transactions (see note 13).

40. CONTINGENT LIABILITIES

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

(a) The Group has given a guarantee of US$3,750,000 equivalent to approximately HK$29,250,000 (2006: US$3,750,000 equivalent to approximately HK$29,250,000) in respect of banking facilities granted to a jointly controlled entity. The full amount was utilised as at 31 March 2007. The Group also pledged its attributable equity interests in the jointly controlled entity for such banking facilities. Upon the Disposal as detailed in Note 13, the Group's obligation as guarantor was subsequently released or discharged.

(b) The Group entered into funding, allocation and distribution agreements in respect of a bank loan of RMB148,977,000 equivalent to approximately HK$148,977,000 (2006: RMB148,977,000 equivalent to approximately HK$143,247,000) borrowed by a jointly controlled entity.

Pursuant to such agreements, the Group has taken on the funding undertaking and buy-back undertakings, details of which were set out in the Company's circular dated 14 June 2005. All these undertakings are in aggregate subject to a maximum of 16.7% of the outstanding amounts and any other associated costs from time to time in respect of such loan, under which the Group will, pursuant to the agreements, purchase the residential units in the North Tower of Phase 1 of Nanjing International Center at RMB5,000 per square meter or, if required by the bank, arrange a refinancing facility. Upon the completion of the Disposal as detailed in Note 13, the Group's obligation as guarantor was subsequently released or discharged.

(c) The Group has contingent liabilities in respect of guarantees granted under the financial services business in the aggregate amount of RMB822,726,000 equivalent to approximately HK$822,726,000 (2006: RMB142,397,000 equivalent to approximately HK$136,920,000) in relation to the provision of the guarantee services in the PRC.

(d) The Company has given a guarantee of HK$200,000,000 to a bank to secure a bank loan on behalf of its subsidiary.

41. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees in Hong Kong under the jurisdiction of the Hong Kong Employment Ordinance. The assets of the MPF Scheme are held separately from those of the Group and administered by an independent trustee. Under the MPF Scheme, the Group and its employees are each required to make a contribution to the MPF Scheme at 5% of the employees; relevant income subject to a cap of monthly relevant income of HK$20,000 (the "Cap"). The amounts in excess of the Cap are contributed to the MPF Scheme by both employers and employees as voluntary contributions Mandatory contributions to the MPF Scheme are vested to the employees.

Employees engaged by the Group outside Hong Kong are covered by the appropriate local defined contribution schemes pursuant to the local labour rules and regulations.

42. POST BALANCE SHEET EVENTS

(a) On 26 February 2007, Perfect Manor Limited, Metro Fair Investments Limited and Apex Honour Limited, wholly owned subsidiaries of the Company, entered into conditional sale and purchase agreements with independent third parties to dispose of all the shop units, together with the exterior walls, of Golden Plaza at a total consideration of approximately HK$530,000,000 as detailed in Note 13 subject to the completion of the licence agreement ("Licence Agreement") detailed in (b) below. The disposal was completed in May 2007.

(b) Pursuant to the sale and purchase agreements, the Group has undertaken to enter into the Rental Guarantee Agreement upon the completion of the Transactions as detailed in Note 13. Under the Rental Guarantee Agreement, Perfect Manor Limited will guarantee to the purchaser that during the period of the three months immediately following the completion of the Transactions, the aggregate rental and license fees (exclusive of rates, government rent, management fees and (where applicable) air-conditioning charges) to be generated or receivable from the subsisting tenancy agreements and licence agreements of certain of the investment properties will not be less than HK$7,350,000 and subject to other clauses as stated in the Rental Guarantee Agreement. Perfect Manor shall pay to the purchaser of the Transactions the shortfall (if any). The obligations of Perfect Manor Limited under the Rental Guarantee Agreement will be guaranteed by the Company. In the opinion of the directors, the occurrence of the shortfall under the Rental Guarantee Agreement is remote.

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

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

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

(c) On 20 March 2007, Perfect Honour Limited ("Perfect Honour"), a wholly owned subsidiary of the Company and other shareholders of Rongzhong Group Limited entered into a subscription agreement pursuant to which all shareholders conditionally agreed to subscribe for a total of 25,999,900 shares in Rongzhong Group Limited on a pro rata basis at the total subscription consideration of approximately HK$202,799,000. Subscription consideration payable by Perfect Honour amounted to approximately HK$103,428,000 and the subscription of shares was completed in April 2007. The subscription of the shares is made on a pro rata basis, such that the transaction will not result in any changes in the shareholding structure of Rongzhong Group Limited and Rongzhong Group Limited will continue to be a non-wholly owned subsidiary of the Company. The shareholders had subsequently entered into a Deed of Adherence and agreed that one of the shareholders of Rongzhong Group Limited, Yong Hua International Ltd., will appoint its nominee Plenty Boom Investments Limited ("Plenty Boom") to hold 4.99% of its newly subscribed shares.

(d) Subsequent to the balance sheet date, Perfect Honour entered into the Loan Agreement ("the Agreement") with Rongzhong Group Limited pursuant to which Perfect Honour conditionally agreed to advance a loan of HK$60,000,000 to Rongzhong Group Limited as the general working capital of Rongzhong Group Limited and its subsidiaries.

(e) On 11 February 2007, the Group entered into an acquisition agreement (the "Purchase Agreement") with independent third parties. Pursuant to the Purchase Agreement, the Group shall acquire the entire equity interest in 武漢市瀚洋典當行 (Wuhan City Han Yang Pawn Shop ("Han Yang")), a company incorporated in the PRC, at a consideration of RMB500,000 (equivalent to HK$500,000). The principal activity of Han Yang is the provision of secured consumer financing services to customers in the PRC. The acquisition was completed in May 2007.

(f) On 18 March 2007, the Company entered into a sale and purchase agreement to dispose of the entire issued share capital of, and loan to, Sino Dynasty Investments Limited at a consideration of approximately HK$125,329,000 as detailed in Note 13. The Disposal was completed in June 2007. As detailed in Note 40(a) and (b), the Company provided guarantees to financial institutions in respect of the banking facilities granted to the jointly controlled entities. The obligations of the Company as the guarantor have been subsequently discharged or released upon the completion of the Disposal.

(g) On 3 July 2007, Flourish Global Limited ("Flourish Global"), a wholly owned subsidiary of the Company, entered into a conditional equity purchase agreement with independent third parties to dispose of Flourish Global's entire 20% interest in Goldbond Capital Holdings Limited at a consideration of approximately US$10,250,000.

43. RELATED PARTY TRANSACTIONS

Save as disclosed, the Group had the following transactions with related parties during the year.

Key management personnel remuneration

	2007	**2006**
	HK$'000	*HK$'000*
Directors' fees	240	295
Salaries and other short-term employee benefits	5,582	5,496
Contributions to defined contribution retirement plans	62	58
Equity compensation benefits	1,076	1,209
	6,960	7,058

The details of the remuneration paid to the key management are set out in Note 11.

Transactions with related parties

	2007	**2006**
	HK$'000	*HK$'000*
Consultancy fee paid to an associate	700	–
Legal and professional fee paid to related companies	810	341
Rental expense paid to minority shareholder	600	–
Rental expense paid to related parties	1,058	805
Interest income from an associate	474	260
Interest income from jointly controlled entities	1,235	1,419
Interest expense to a related company	3,665	1,508
Loan arrangement fee from a jointly controlled entity	–	879

44. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 March 2007 are as follows:

Name of subsidiary	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital	Proportion of ownership interest held by the Company Directly	Indirectly	Principal activities
Apex Honour Limited	British Virgin Islands/ Hong Kong	US$1	–	100%	Property investment
Chengdu City Rongzhong Credit Guarantee Co. Ltd. (成都市融眾信用擔保有限公司)*	The PRC	RMB10,000,000	–	51%	Provision of loan guarantee services
Chongqing City Rongzhong Credit Guarantee Co. Ltd. (重慶市融眾信用擔保有限公司)*	The PRC	RMB30,000,000	–	51%	Provision of loan guarantee services
Flourish Global Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
Guangzhou City Rongzhong Credit Guarantee Co. Ltd. (廣州市融眾信用擔保有限公司)*	The PRC	RMB50,000,000	–	51%	Provision of loan guarantee service
Hangzhou Rongzhong Guarantee Co. Ltd. (杭州融眾擔保有限公司)*	The PRC	RMB15,000,000	–	51%	Provision of loan guarantee services
Hunan Rongzhong Credit Guarantee Co. Ltd. (湖南融眾信用擔保有限公司)*	The PRC	RMB10,000,000	–	51%	Provision of loan guarantee services
Jiangsu Rongzhong Credit Guarantee Co. Ltd. (江蘇融眾信用擔保有限公司)*	The PRC	RMB10,000,000	–	51%	Provision of loan guarantee services
Master Profit Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
Metro Fair Investments Limited	Hong Kong	HK$2	–	100%	Property investment
On Speed Management Limited	Hong Kong	HK$2	100%	–	Property management

Name of subsidiary	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital	Proportion of ownership interest held by the Company Directly	Indirectly	Principal activities
Perfect Honour Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
Perfect Manor Limited ("Perfect Manor")**	Hong Kong	HK$2	–	100%	Property investment
Rongzhong Enterprise Management (Shenzhen) Co. Ltd (融眾企業管理(深圳)有限公司)***	The PRC	HK$96,660,000	–	51%	Provision of management services
Rongzhong Group Limited	British Virgin Islands/ Hong Kong	US$100	–	51%	Investment holding
Rongzhong Investment Group Ltd. (融眾投資集團有限公司)***	The PRC	RMB120,000,000	–	51%	Investment holding
Sino Dynasty Investments Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
Wuhan City Rongzhong Credit Guarantee Co. Ltd. (武漢市融眾信用擔保有限公司)*	The PRC	RMB22,000,000	–	51%	Provision of loan guarantee services
Wuhan Rongzhong Pawn Shop Co. Ltd. (武漢融眾典當有限公司)*	The PRC	RMB10,000,000	–	51%	Provision of secured consumer financing services

* a limited liability company established in the PRC.

** ordinary shares of Perfect Manor with a carrying amount of HK$2 have been pledged to a bank for certain bank loans.

*** a wholly foreign-owned enterprise established in the PRC.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

3. UNAUDITED INTERIM RESULTS

Set out below are the unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2007 and 30 September 2006 together with the notes thereon extracted from the interim report of the Company for the six months ended 30 September 2007. There was no extraordinary or exceptional item affecting the unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2007. No dividend was declared by the Company for the six months ended 30 September 2007.

Condensed Consolidated Income Statement
For the six months ended 30 September 2007

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

Note: The comparative figures of 2006 are restated in order to present the continuing and discontinued operation components and the restatement had no effect on the financial position. Please refer to Note 6 Discontinued Operation of pages 110 to 112 of this Composite Document for details.

Condensed Consolidated Balance Sheet
At 30 September 2007

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

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2007

	Attributable to equity holders of the Company										
	Share capital HK$'000	Share premium HK$'000	Revaluation reserve HK$'000	Employee share-based compensation reserve HK$'000	Convertible notes reserve HK$'000 (note 13)	General reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2006	166,244	97,713	3,000	2,961	22,297	6,000	1,696	57,603	357,514	–	357,514
Exchange differences on translation of foreign operations recognised directly in equity	–	–	–	–	–	–	3,859	–	3,859	–	3,859
Profit for the year	–	–	–	–	–	–	–	48,703	48,703	–	48,703
Total recognised income for the year	–	–	–	–	–	–	3,859	48,703	52,562	–	52,562
Sub-total	166,244	97,713	3,000	2,961	22,297	6,000	5,555	106,306	410,076	–	410,076
Issue of shares upon exercise of share options	1,200	576	–	–	–	–	–	–	1,776	–	1,776
Exercise of share options	–	345	–	(345)	–	–	–	–	–	–	–
Lapse of share options	–	–	–	(181)	–	–	–	181	–	–	–
Recognition of equity-settled share-based payments	–	–	–	2,338	–	–	–	–	2,338	–	2,338
At 31 March 2007 and 1 April 2007	167,444	98,634	3,000	4,773	22,297	6,000	5,555	106,487	414,190	–	414,190
Exchange differences on translation of foreign operations recognised directly in equity	–	–	–	–	–	–	3,155	–	3,155	2,988	6,143
Profit (loss) for the period	–	–	–	–	–	–	–	98,481	98,481	(25,639)	72,842
Total recognised income and expense for the period	–	–	–	–	–	–	3,155	98,481	101,636	(22,651)	78,985
Sub-total	167,444	98,634	3,000	4,773	22,297	6,000	8,710	204,968	515,826	(22,651)	493,175

	Attributable to equity holders of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Revaluation reserve *HK$'000*	Employee share-based compensation reserve *HK$'000*	Convertible notes reserve *HK$'000* *(note 13)*	General reserve *HK$'000*	Translation reserve *HK$'000*	Retained profits *HK$'000*	Sub-total *HK$'000*	Minority interests *HK$'000*	Total *HK$'000*
Issue of shares upon subscription	26,800	289,440	–	–	–	–	–	–	316,240	–	316,240
Issue of shares upon exercise of share options	9,520	4,404	–	–	–	–	–	–	13,924	–	13,924
Exercise of share options	–	3,342	–	(3,342)	–	–	–	–	–	–	–
Issue of shares upon conversion of convertible notes	54,432	28,568	–	–	–	–	–	–	83,000	–	83,000
Conversion and redemption of convertible notes	–	18,305	–	–	(22,297)	–	–	3,992	–	–	–
Expenses incurred in connection with issue of shares	–	(8,733)	–	–	–	–	–	–	(8,733)	–	(8,733)
Lapse of share options	–	–	–	(173)	–	–	–	173	–	–	–
Recognition of equity-settled share-based payments	–	–	–	2,690	–	–	–	–	2,690	–	2,690
Realisation of translation reserve upon disposal	–	–	–	–	–	–	(3,591)	–	(3,591)	–	(3,591)
Subscription from minority interests	–	–	–	–	–	–	–	–	–	99,372	99,372
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	(31,314)	(31,314)
At 30 September 2007	258,196	433,960	3,000	3,948	–	6,000	5,119	209,133	919,356	45,407	964,763
At 1 April 2006	166,244	97,713	3,000	2,961	22,297	6,000	1,696	57,603	357,514	–	357,514
Exchange differences on translation of foreign operations recognised directly in equity	–	–	–	–	–	–	2,543	–	2,543	–	2,543
Profit for the period	–	–	–	–	–	–	–	20,476	20,476	–	20,476
Total recognised income for the period	–	–	–	–	–	–	2,543	20,476	23,019	–	23,019
Recognition of equity-settled share-based payments	–	–	–	1,292	–	–	–	–	1,292	–	1,292
At 30 September 2006	166,244	97,713	3,000	4,253	22,297	6,000	4,239	78,079	381,825	–	381,825

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2007

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

1. BASIS OF PREPARATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

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

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

1 Effective for annual periods beginning on or after 1 January 2009.

2 Effective for annual periods beginning on or after 1 January 2008.

3 Effective for annual periods beginning on or after 1 July 2008.

* IFRIC represents the International Financial Reporting Interpretations Committee.

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

3. SEGMENT INFORMATION

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

(a) Financial services: The provision of loan guarantee services and secured bridge finance services.

(b) Property leasing and development: The leasing of shops/premises to generate rental income and gain from the appreciation in property values in the long term.

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

4. PROFIT (LOSS) BEFORE TAXATION

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

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

5. TAXATION

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

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

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

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

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

6. DISCONTINUED OPERATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. DIVIDENDS

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

8. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

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

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

From continuing operation

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

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

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

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

From discontinued operation

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

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

9. ADDITIONS IN PLANT AND EQUIPMENT

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

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

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

Notes:

(a) For the financial service business, the Group allows an average credit period of 30 days to a maximum of 180 days to its customers. For property leasing and development business, the Group allowed an average credit period of 30 days to its tenants.

(b) The loans receivable arising from the secured bridge finance business are secured by assets placed by customers, interest bearing at 5.4% per annum and repayable according to the loan agreements which usually cover a period of one to six months. The loans receivable includes HK$129,004,000 (31 March 2007: HK$72,182,000) aged within three months, with the remaining balances of HK$65,550,000 (31 March 2007: HK$250,000) aged between four to six months.

(c) The designated loans are secured by assets placed by the borrowers, interest bearing at rates ranging from 7.02% and 11.63% per annum and repayable according to the respective loan agreements which usually cover a period of four to five months.

(d) Advances to employees are secured by the entire equity interest in a company owned by the employees. This company is incorporated and engaged in mining business in the PRC. The advances are interest bearing at 6% per annum and repayable within one year.

(e) Other loan receivable represents a loan acquired from a PRC bank at a consideration of RMB31,956,000 (equivalent to approximately HK$33,287,000). The other loan receivable is repayable within one year.

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

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

11. SECURITY DEPOSITS

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

12. BANK AND OTHER BORROWINGS

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

13. CONVERTIBLE NOTES

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

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

14. LIABILITIES ARISING FROM FINANCIAL GUARANTEE CONTRACTS

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

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

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

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

15. SHARE CAPITAL

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

(i) On 20 July 2007, arrangements were made for a private placement to professional and institutional investors of 268,000,000 ordinary shares of HK$0.10 each at a price of HK$1.18 per share by Goldbond Securities Limited, a connected company of the Company. The price of HK$1.18 per share represents a discount of approximately 5.6% to the closing market price of the Company's shares of HK$1.25 per share as quoted on the Stock Exchange on 18 July 2007, the last trading date prior to the placing. On the same date, the Company entered into a subscription agreement with Ace Solomon Investments Limited for the subscription of 268,000,000 new ordinary shares of HK$0.10 each at a price of HK$1.18 per share. The subscription price is equivalent to the placing price mentioned above. The net proceeds from the subscription were used for expansion of the secured bridge finance business in the PRC and for general working capital purposes of the Group. The new shares were issued on 2 August 2007 under the general mandate granted to the board of directors on 13 September 2006.

(ii) During the period, 73,000,000, 3,200,000, 16,000,000 and 3,000,000 share options were exercised at a subscription price of HK$0.148, HK$0.132, HK$0.136 and HK$0.174 per share respectively, resulting in the issue of 95,200,000 ordinary shares of HK$0.10 each in the Company.

(iii) During the period, convertible notes with nominal values of HK$53,000,000 and HK$30,000,000 were converted into 311,764,705 ordinary shares at a conversion price of HK$0.170 per ordinary share and 232,558,138 ordinary shares at a conversion price of HK$0.129 per ordinary share respectively.

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

16. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

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

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

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

17. SHARE OPTIONS

The Company has a share option scheme for eligible directors of the Company and eligible employees of the Group and other participants. Details of the share options outstanding during the current period are as follows:

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

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

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

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

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

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

18. SUBSCRIPTION OF SHARES OF A SUBSIDIARY

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

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

19. ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

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

20. DISPOSAL OF INTEREST IN ASSOCIATES

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

21. CAPITAL COMMITMENTS

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

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

22. OPERATING LEASE COMMITMENTS

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

As lessee

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

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

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

As lessor

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

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

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

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

23. CONTINGENT LIABILITIES

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

(i) The Group has contingent liabilities of RMB1,211,220,000, equivalent to approximately HK$1,261,687,000 (31 March 2007: RMB822,726,000, equivalent to approximately HK$822,726,000) in relation to the provision of the guarantee services in the PRC.

(ii) The Group granted a guarantee of US$3,750,000, equivalent to approximately HK$29,250,000 as at 31 March 2007 in respect of banking facilities granted to a jointly controlled entity. The full amount was utilised as at 31 March 2007. The Group also pledged its attributable equity interests in the jointly controlled entity for such banking facilities. With the completion of the Disposal during the period as detailed in Note 6, the Group's obligation as guarantor was released.

(iii) The Group entered into funding, allocation and distribution agreements in respect of a bank loan of RMB148,977,000, equivalent to approximately HK$148,977,000 as at 31 March 2007, borrowed by a jointly controlled entity. With the completion of the Disposal during the period as detailed in Note 6, the Group's obligation under those agreements was released.

24. RELATED PARTY TRANSACTIONS

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

(a) Key management personnel remuneration

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

(b) Transactions with related parties

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

25. POST BALANCE SHEET EVENT

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

1. MATERIAL CHANGES

As at the Latest Practicable Date, the Directors confirm that save for (i) the disposal of Golden Plaza in Hong Kong, and (ii) the disposal of Nanjing International Center in the People's Republic of China as disclosed in the annual report 2006/2007 of the Company, (iii) the acquisition of further 20% equity interest in Rongzhong Group Limited, (iv) the disposal of the Group's entire interest in Goldbond Capital Holdings Limited, (v) the placing of shares of the Company on 20 July 2007, and (vi) the conversion of convertible notes of the Company in the aggregate principal amount of HK$83,000,000 as disclosed in the interim report 2007/2008 of the Company, there is no material change in the financial or trading position or outlook of the Group subsequent to 31 March 2007, being the date to which the last published audited consolidated financial statements of the Group were made up.

2. INDEBTEDNESS

As at the close of business on 29 February 2008, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement prior to the printing of this Composite Document, the Group had outstanding borrowings from a financial institution of approximately HK$106,383,000 which were secured by charges over the Group's and the minority shareholders' interests in 融眾擔保集團有限公司 (Rongzhong Guarantee Group Limited) ("Rongzhong Guarantee"), a subsidiary of the Company.

The Company, Rongzhong Guarantee and a director of the Company had given guarantees to a financial institution for the grant of the above borrowings of not more than RMB100,000,000 (equivalent to approximately HK$106,383,000) in aggregate, which had been fully utilised by its subsidiaries as at 29 February 2008. The guarantee provided by the Company was in proportion to its interest in the borrower, 融眾企業管理(深圳)有限公司, which is a subsidiary of the Company.

In addition, the Group also executed a floating charge over the interest in subsidiaries and certain assets of Rongzhong Group Limited, a subsidiary of the Company, in favour of a bank for banking facilities granted. As at 29 February 2008, none of the facilities were utilised.

As at the close of business on 29 February 2008, the Group had issued convertible notes with a principal amount of HK$135,000,000. The Group had also issued redeemable convertible preference shares with a carrying value of approximately HK$1,561,000 as at 29 February 2008.

As at the close of business on 29 February 2008, the Group had contingent liabilities of approximately RMB1,242,804,000 (equivalent to approximately HK$1,322,132,000) in relation to the provision of the guarantee services in the People's Republic of China.

Save as aforesaid and apart from intra-group liabilities, the Group did not have outstanding as at the close of business on 29 February 2008 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror), and confirm, having made all reasonable enquiries, that to the best of their knowledge, the opinions expressed in this Composite Document (other than those relating to the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document (other than those relating to the Offeror), the omission of which would make any statement contained in this Composite Document misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, the opinions expressed in this Composite Document (other than those relating to the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document (other than those relating to the Group), the omission of which would make any statement contained in this Composite Document misleading.

2. CORPORATE INFORMATION

The Company was incorporated in Hong Kong with limited liability. Its registered office is at Units 1901-06, 19th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

3. SHARE CAPITAL, OPTIONS AND CONVERTIBLE SECURITIES

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

(a) Shares

		HK$
Authorised:		
25,000,000,000	Shares	2,500,000,000.00
Issued and fully paid or credited as fully paid:		
2,597,962,843	Shares	259,796,284.30

All Shares currently in issue rank parri passu in all respects with each others, including, in particular, as to dividends, voting rights and return of capital.

Since 31 March 2007, the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date, (i) an aggregate of 111,200,000 Shares have been issued by the Company pursuant to the exercise of the Options previously granted under the share option scheme of the Company; (ii) convertible notes with nominal values of HK$53,000,000 and HK$30,000,000 were converted into 311,764,705 new Shares and 232,558,138 new Shares respectively; and (iii) 268,000,000 Shares were issued to Ace Solomon under the subscription agreement entered into between Ace Solomon and the Company on 20 July 2007.

(b) Share options

The Company adopted a share option scheme (the "Scheme") which became effective on 18 September 2002 to enable the Directors to grant options to eligible participants, including directors and employees of the Company and its subsidiaries, to subscribe for Shares.

Details of the outstanding Options granted under the Scheme as at the Latest Practicable Date were as follows:

Optionholders	Number of outstanding Options	Number of underlying Shares	Date of grant	Exercise price per Share	Exercisable period
Mr. Wong	25,000,000	25,000,000	17 August 2007	HK$1.014	17 August 2010 to 16 August 2017
Mr. Wang Jun ("Mr. Wang")	25,000,000	25,000,000	17 August 2007	HK$1.014	17 August 2010 to 16 August 2017
Mr. Ding Chung Keung, Vincent ("Mr. Ding")	8,000,000	8,000,000	7 July 2006	HK$0.210	1 January 2010 to 6 July 2016
	25,000,000	25,000,000	17 August 2007	HK$1.014	17 August 2010 to 16 August 2017
Ms. Michelle Wong	16,000,000	16,000,000	29 March 2007	HK$0.256	29 March 2010 to 28 March 2017
Mr. Xie Xiao Qing ("Mr. Xie")	16,000,000	16,000,000	29 March 2007	HK$0.256	29 March 2010 to 28 March 2017
Mr. Melvin Jitsumi Shiraki ("Mr. Shiraki")	1,600,000	1,600,000	29 July 2005	HK$0.132	1 January 2007 to 28 July 2015
Employees	15,000,000	15,000,000	7 July 2006	HK$0.210	1 January 2010 to 6 July 2016
	22,000,000	22,000,000	17 August 2007	HK$1.014	17 August 2010 to 16 August 2017

(c) As at the Latest Practicable Date, the Company had the Convertible Note in issue and outstanding. The Convertible Note was issued by the Company to YHIL, a company wholly-owned by Mr. Xie, an executive Director and a party acting in concert with the Offeror.

Save as disclosed above, there were no outstanding warrants, options, derivatives or securities convertible into Shares as at the Latest Practicable Date.

The issued Shares are listed and traded on the Main Board of the Stock Exchange. No part of the issued share capital of the Company is listed on any other stock exchanges.

4. MARKET PRICES

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (i) the last trading day for each of the calendar months during the Relevant Period on which trading of the Shares took place; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	**Closing price per Share** *HK$*
31 October 2007	0.69
30 November 2007	0.66
31 December 2007	0.65
31 January 2008	0.435
29 February 2008	0.57
26 March 2008 (being the Last Trading Day)	0.52
18 April 2008 (being the Latest Practicable Date)	0.68

The highest and the lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$0.77 per Share on 5 October 2007 and HK$0.39 per Share on 22 January 2008 respectively.

5. DISCLOSURE OF INTERESTS

(a) Interests and short positions of Directors in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Interests in Shares

Name of Director	Capacity	Number of Shares	Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date
Mr. Wong	Interest in controlled corporation	497,232,000 *(Note 1)*	19.14%
	Beneficial owner	16,000,000	0.62%
Mr. Kee	Beneficial owner	12,000,000	0.46%
Mr. Wang	Interest in controlled corporation	101,251,300 *(Note 2)*	3.90%
Mr. Lan Ning ("Mr. Lan")	Interest in controlled corporation	30,277,000 *(Note 3)*	1.17%
	Beneficial owner	2,500,000	0.10%
Mr. Ding	Beneficial owner	38,000,000	1.46%
Ms. Michelle Wong	Interest in controlled corporation	508,686,792 *(Note 4)*	19.58%
Mr. Shiraki	Beneficial owner	2,100,000	0.08%
Mr. Ma Ho Fai	Beneficial owner	1,200,000	0.05%

Notes:

1. These Shares were held by the Offeror, which is owned as to 50% by Mr. Wong and as to 50% by Mrs. Wong. Mr. Wong was deemed to be interested in all these Shares by virtue of his shareholding interests in the Offeror.

2. These Shares were held by Canasia Profits Corporation, a company wholly-owned by Mr. Wang.

3. These Shares were held by Ease Ample, a company wholly-owned by Mr. Lan.

4. These Shares were held by Ace Solomon, which is indirectly owned as to 50% by Ms. Michelle Wong and as to 50% by Ms. Jacqueline Wong. Ms. Michelle Wong was deemed to be interested in all these Shares by virtue of her shareholding interests in Ace Solomon.

(ii) Interests in underlying Shares pursuant to the Convertible Note

Name of Director	Capacity	Underlying Shares pursuant to the Convertible Note	Date of issue of the Convertible Note	Conversion price per Share (subject to adjustment)	Exercisable period	Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date as enlarged by the issue of new Shares upon full conversion of the Convertible Note *(Note 2)*
Mr. Xie	Interest in controlled corporation	125,000,000 *(Note 1)*	2 October 2007	HK$1.08	HK$54 million, from the 1st anniversary of the issue date of the Convertible Note up to the business day immediately prior to the 2nd anniversary. HK$81 million or any cumulative outstanding amount, from the 2nd anniversary of the issue date of the Convertible Note up to the business day immediately prior to 2 October 2010.	4.59%

Notes:

1. The Convertible Note was issued to YHIL, a company wholly owned by Mr. Xie.

2. Assuming the Convertible Note but no other options or convertible notes (if any) is fully exercised.

(iii) Interests in underlying Shares pursuant to the Options

Name of Director	Capacity	Number of outstanding Options	Number of underlying Shares	Date of grant	Exercise price per Share	Exercisable period
Mr. Wong	Beneficial owner	25,000,000	25,000,000	17 August 2007	HK$1.014	17 August 2010 to 16 August 2017
Mr. Wang	Beneficial owner	25,000,000	25,000,000	17 August 2007	HK$1.014	17 August 2010 to 16 August 2017
Mr. Ding	Beneficial owner	8,000,000	8,000,000	7 July 2006	HK$0.210	1 January 2010 to 6 July 2016
	Beneficial owner	25,000,000	25,000,000	17 August 2007	HK$1.014	17 August 2010 to 16 August 2017
Ms. Michelle Wong	Beneficial owner	16,000,000	16,000,000	29 March 2007	HK$0.256	29 March 2010 to 28 March 2017
Mr. Xie	Beneficial owner	16,000,000	16,000,000	29 March 2007	HK$0.256	29 March 2010 to 28 March 2017
Mr. Shiraki	Beneficial owner	1,600,000	1,600,000	29 July 2005	HK$0.132	1 January 2007 to 28 July 2015

(iv) Interests in shares of associated corporation

Name of Director	Capacity	Name of the associated corporation	Number of ordinary shares of the associated corporation	Percentage of the issued share capital of the associated corporation as at the Latest Practicable Date
Mr. Xie	Interest in controlled corporation	Rongzhong Group Limited	4,942,600	19.01%

All the interests stated above represent long position.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Interests and short positions in the Shares and underlying Shares discloseable under Divisions 2 and 3 of Part XV of the SFO and interests of substantial shareholders in other members of the Group

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital were as follows:

(i) Interest in Shares

Name	Capacity	Number of Shares	Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date
The Offeror	Beneficial owner	497,232,000	19.14%
Mrs. Wong	Interest in controlled corporation	497,232,000 *(Note 1)*	19.14%
	Interest of spouse	16,000,000 *(Note 2)*	0.62%
Ace Solomon	Beneficial owner	508,686,792	19.58%
Aceyork	Interest in controlled corporation	508,686,792 *(Note 3)*	19.58%
Allied Golden	Interest in controlled corporation	508,686,792 *(Note 3)*	19.58%
Ms. Jacqueline Wong	Interest in controlled corporation	508,686,792 *(Note 3)*	19.58%

Notes:

1. These Shares were held by the Offeror, which is owned as to 50% by Mr. Wong and as to 50% by Mrs. Wong. Mrs. Wong was deemed to be interested in all these Shares by virtue of her and her spouse's interests in the Offeror.

2. These Shares were held by Mr. Wong, and Mrs. Wong was deemed to be interested in all these Shares by virtue of being the spouse of Mr. Wong.

3. These Shares were held by Ace Solomon, which is owned as to 50% by Aceyork (a company wholly-owned by Ms. Michelle Wong) and Allied Golden (a company wholly-owned by Ms. Jacqueline Wong). As such, each of Aceyork, Allied Golden and Ms. Jacqueline Wong were deemed to be interested in all these Shares.

(ii) Interests in underlying Shares pursuant to the Convertible Note

Name	Capacity	Underlying Shares pursuant to the Convertible Note	Date of issue of the Convertible Note	Conversion price per Share (subject to adjustment)	Exercisable period	Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date as enlarged by the issue of new Shares upon full conversion of the Convertible Note *(Note)*
YHIL	Beneficial owner	125,000,000	2 October 2007	HK$1.08	HK$54 million, from the 1st anniversary of the issue date of the Convertible Note up to the business day immediately to the 2nd anniversary. HK$81 million or any cumulative outstanding amount, from the 2nd anniversary of the issue date of the Convertible Note up to the business day immediately prior to 2 October 2010.	4.59%

Note:

Assuming the Convertible Note but no other options or convertible notes (if any) is fully exercised.

(iii) Interests in underlying Shares pursuant to Options

Name	Capacity	Number of outstanding Options	Number of underlying Shares	Date of grant	Exercise price per Share	Exercisable period
Mrs. Wong	Interest of spouse *(Note)*	25,000,000	25,000,000	17 August 2007	HK$1.014	17 August 2010 to 16 August 2017

Note:

These Options were held by Mr. Wong, the spouse of Mrs. Wong, and as such, she was deemed to be interested in these Options under the SFO.

(iv) Interests in other members of the Group

Name of member of the Group	Name	Capacity	Number of ordinary shares	Percentage of the issued share capital as at the Latest Practicable Date
Rongzhong Group Limited	YHIL	Beneficial owner	4,942,600	19.01%

All the interests stated above represent long position.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

6. INTERESTS IN THE COMPANY AND THE OFFEROR

As at the Latest Practicable Date,

(a) the entire issued share capital of the Offeror was owned as to 50% by Mr. Wong and as to 50% by Mrs. Wong. Save as aforesaid, none of the Company and the Directors were interested in or owned or controlled any shares, convertible securities, warrants, options or derivatives of the Offeror;

(b) save as disclosed in section 5 of this Appendix, none of the Offeror, the directors of the Offeror, parties acting in concert with the Offeror, and the Directors were interested in or owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;

(c) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers;

(d) no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any person acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offers;

(e) none of the subsidiaries of the Company and pension fund of the Company or of a subsidiary of the Company owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;

(f) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who was an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code or with the Offeror or any person acting in concert with it;

(g) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;

(h) no Independent Shareholder or Independent Optionholder prior to the posting of this Composite Document had irrevocably committed himself or herself or itself to accept or reject the Offers;

(i) none of the advisers to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code (excluding exempt principal traders) owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;

(j) Mr. Shiraki intended to accept the Share Offer and reject the Option Offer in respect of his own beneficial holdings of Shares and Options respectively, Mr. Ma Ho Fai SBS JP intended to accept the Share Offer in respect of his own beneficial shareholdings in the Company and Mr. Cheng Yuk Wo was not interested in any Shares and Options. The remaining Directors are parties acting in concert with the Offeror and are not subject to the Offers; and

(k) there was no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which the Offeror may or may not invoke or seek to invoke a condition to the Offers.

7. DEALINGS IN SECURITIES

During the Relevant Period,

(a) save as disclosed in the section headed "Dealings in securities of the Company" in the "Letter from Taifook Securities" in this Composite Document, the Acquisitions and the Exercise, none of the Offeror, the directors of the Offeror, parties acting in concert with the Offeror, and the Directors had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company;

(b) none of the Company or the Directors had dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror;

(c) no fund managers (other than exempted fund managers) who were connected with the Company had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company which were managed on a discretionary basis;

(d) none of the advisers to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code (excluding exempt principal traders) had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company; and

(e) none of the subsidiaries of the Company and pension fund of the Company or of a subsidiary of the Company had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company.

8. DIRECTORS' SERVICE CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which:

(i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the Announcement; or

(ii) were continuous contracts with a notice period of 12 months or more; or

(iii) were fixed term contracts with more than 12 months to run irrespective of the notice period.

No benefit has been or will be given to any Director as compensation for loss of office or otherwise in connection with the Offers.

As at the Latest Practicable Date, there was no material contract entered into by the Offeror in which any Director had a material personal interest.

9. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against or by any member of the Group or to which the Company or any of its subsidiaries was, or might become, a party.

10. MATERIAL CONTRACTS

The following contracts (being contracts not entered into in the ordinary course of business of the Group) had been entered into by the members of the Group after the date of two years immediately preceding 1 April 2008, being the date of the Announcement, and up to and including the Latest Practicable Date, which are or may be material:

(a) sale and purchase agreements dated 26 February 2007 made between the purchaser and three indirectly wholly-owned subsidiaries of the Company, namely Perfect Manor Limited, Metro Fair Investments Limited and Apex Honour Limited, respectively in relation to the disposal of certain shop units and the exterior walls outside of Golden Plaza (which is located in Kowloon) previously owned by the Group at a total consideration of approximately HK$530 million;

(b) a conditional agreement dated 18 March 2007 made between the Company as vendor and Bateson Investment Limited ("Bateson") as purchaser for the disposal of the entire issued share capital of, and loan to, Sino Dynasty Investments Limited by the Company to Bateson at a total consideration of approximately HK$125.3 million;

(c) a subscription agreement dated 20 March 2007 made between Perfect Honour Limited ("Perfect Honour"), a wholly-owned subsidiary of the Company, YHIL and Legend Crown International Limited as subscribers and Rongzhong Group Limited ("Rongzhong") as issuer in respect of the subscription of new shares in Rongzhong by Perfect Honour, YHIL and Legend Crown International Limited. The consideration payable by Perfect Honour pursuant to the subscription agreement was approximately HK$103.4 million;

(d) a conditional loan agreement dated 17 May 2007 made between Perfect Honour as lender and Rongzhong as borrower for the grant of a loan facility of HK$60 million to Rongzhong;

(e) an equity purchase agreement dated 3 July 2007 made between, among others, Piper Jaffray Companies (as buyer), Goldbond Capital and Flourish Global Limited (a wholly-owned subsidiary of the Company) (each as one of the sellers) and the Company (as one of the principals) in relation to the sale and purchase of the entire issued share capital of Goldbond Capital Holdings Limited. The consideration payable to Flourish Global Limited was approximately HK$79.9 million;

(f) a subscription agreement dated 20 July 2007 made between Ace Solomon and the Company in relation to a top-up placing of 268,000,000 Shares at a subscription price of HK$1.18 per Share;

(g) a loan agreement dated 15 August 2007 made between Perfect Honour as lender and Rongzhong as borrower for the grant of a loan facility of HK$500 million to Rongzhong;

(h) a conditional sale and purchase agreement dated 15 August 2007 made between Perfect Honour as purchaser and YHIL as seller in relation to the sale and purchase of 20% interest in the entire issued share capital of Rongzhong for a consideration of HK$135 million;

(i) the first loan agreement dated 5 September 2007 made between Famous Apex Limited ("Famous Apex"), a wholly-owned subsidiary of the Company, and Poly Sanhao 珠海市保利三好有限公司 (Zhuhai Poly Sanhao Company Limited) ("Poly Sanhao"), pursuant to which Famous Apex conditionally agreed to make available a term loan of RMB100 million to Poly Sanhao; and a second loan agreement made between Famous Apex and Worldpro International Investment Limited, pursuant to which Famous Apex conditionally agreed to make available a term loan of RMB15 million to Worldpro International Investment Limited; and

(j) the Convertible Note.

11. CONSENTS AND QUALIFICATIONS

The followings are the names and the qualifications of the professional advisers who have given opinions or advice which are contained or referred to in this Composite Document:

Name	Qualification
Grand Vinco	Licensed by the SFC for carrying out Types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the SFO
Taifook Securities	Licensed by the SFC for carrying out Types 1 (dealing in securities), 3 (leveraged foreign exchange trading) and 4 (advising on securities) regulated activities under the SFO

Each of Grand Vinco and Taifook Securities has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its opinion or letter (as the case may be) and references to its name in the form and context in which they respectively appear.

12. GENERAL

(a) The registered office of the Offeror is at the offices of Trident Trust Company (B.V.I.) Limited, Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands and the correspondence address of the Offeror, Mr. Wong and Mrs. Wong is at Units 1902-6, 19th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong. The Offeror is beneficially owned as to 50% by Mr. Wong and as to 50% by Mrs. Wong. The directors of the Offeror are Mr. Wong and Mrs. Wong. The parties acting in concert with the Offeror include Ace Solomon, Aceyork, Allied Golden, Mr. Wong, Mrs. Wong, Ms. Michelle Wong, Ms. Jacqueline Wong, Mr. Kee, Mr. Wang, Mr. Ding, Mr. Lan and Mr. Xie. The correspondence address of Ace Solomon is at Units 3203A-5, Tower Two, Lippo Centre, 89 Queensway, Hong Kong. Ace Solomon is beneficially owned as to 50% by Allied Golden and as to 50% by Aceyork. The directors of Ace Solomon are Mr. Wong and Mr. Kee. Allied Golden and Aceyork are wholly beneficially owned by Ms. Jacqueline Wong and Ms. Michelle Wong respectively. The directors of Allied Golden and Aceyork are Mr. Wong, Mrs. Wong, Ms. Jacqueline Wong and Ms. Michelle Wong. The correspondence address of Allied Golden, Ms. Jacqueline Wong, Aceyork and Ms. Michelle Wong is at Units 1902-6, 19th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong. The correspondence address of Mr. Kee is at Units 3203A-5, Tower Two, Lippo Centre, 89 Queensway, Hong Kong. The correspondence address of Mr. Wang, Mr. Lan and Mr. Ding is at Units 1901-6, 19th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong. The correspondence address of Mr. Xie is at Units 1902-6, 19th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

(b) The registered office of the Company is at Units 1901-06, 19th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

(c) The registered offices of Taifook Capital and Taifook Securities are at 25th Floor, New World Tower, 16-18 Queen's Road Central, Hong Kong.

(d) The registered office of Grand Vinco is at Units 4909-4910, 49th Floor, The Center, 99 Queen's Road Central, Hong Kong.

(e) As at the Latest Practicable Date, the company secretary of the Company was Ms. Li Yu Lian, Kelly.

(f) As at the Latest Practicable Date, the Board comprised seven executive Directors, namely Mr. Wang, Mr. Wong, Mr. Ding, Mr. Lan, Mr. Kee, Mr. Xie and Ms. Michelle Wong, and three independent non-executive Directors, namely Mr. Ma Ho Fai SBS JP, Mr. Melvin Jitsumi Shiraki and Mr. Cheng Yuk Wo.

(g) As at the Latest Practicable Date, no agreement, arrangement or understanding was in place for the transfer, charge or pledge of the Shares and Options to be acquired in pursuance of the Offers to any other persons.

(h) The English texts of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (i.e. from 9:30 a.m. to 6:00 p.m. on Monday to Friday, except Saturdays, Sundays and public holidays) at (i) the registered office of the Company in Hong Kong at Units 1901-06, 19th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong; (ii) the website of the SFC at www.sfc.hk; and (iii) the website of the Company at http://finance.thestandard.com.hk/en/0172goldbond from 22 April 2008, the date of this Composite Document, up to and including the First Closing Date or the close of the Offers, whichever is later:

(a) the memorandum and articles of association of the Offeror;

(b) the memorandum and articles of association of the Company;

(c) the annual reports of the Company for the two years ended 31 March 2007;

(d) the interim report of the Company for the six months ended 30 September 2007;

(e) the letter dated 22 April 2008 from Taifook Securities, the text of which is set out in this Composite Document;

(f) the letter dated 22 April 2008 from Grand Vinco to the Independent Board Committee, the text of which is set out in this Composite Document;

(g) the letter dated 22 April 2008 from the Independent Board Committee to the Independent Shareholders and the Independent Optionholders, the text of which is set out in this Composite Document;

(h) the letters of consents referred to in the section headed "Consents and qualifications" in this Appendix;

(i) the letter dated 26 March 2008 to Taifook Capital in relation to the funding of the Offers; and

(j) the material contracts referred to under the section headed "Material contracts" in this Appendix.