THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or otherwise transferred all your shares in Goldbond Group Holdings Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

GOLDBOND GROUP HOLDINGS LIMITED

金 榜 集 團 控 股 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock code: 172)

MAJOR TRANSACTION

A notice convening the EGM to be held at JW Marriott Ballroom, JW Marriot Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 22 October 2007 at 10:00 a.m. is set out on pages 81 to 82 of this circular. A form of proxy for use at the EGM is also enclosed. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Computershare Hong Kong Investor Services Ltd. at 46/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

27 September 2007

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Announcement"	the announcement issued by the Company dated 6 September 2007 relating to, among others, the First Loan Agreement, the Second Loan Agreement, the Deed of Undertaking and the respective transactions contemplated thereunder
"Arrangement Fee"	the arrangement fee payable by Mr. Chan, Mr. Wu and Worldpro to the Lender and the Arranger pursuant to the Deed of Undertaking
"Arranger"	Birdsong Management Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Company, being the arranger of the First Loan to be granted by the Lender under the First Loan Agreement
"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"business day"	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
"China-King"	珠海市中廣置業有限公司 (Zhuhai City China-King Real Estate Co., Ltd.#), a company incorporated in the PRC with limited liability, which is an Independent Third Party and was owned as to 85% and 15% by Poly Sanhao and Zhuhai China-King respectively as at the Latest Practicable Date
"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

"Deed of Undertaking"	the deed of undertaking dated 5 September 2007 entered into among Mr. Chan, Mr. Wu and Worldpro in favour of the Lender and the Arranger for the payment of the Arrangement Fee
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the First Loan Agreement, the Second Loan Agreement and the respective transactions contemplated thereunder
"First Loan"	a term loan of RMB100 million or equivalent amount in other currency to be made available by the Lender to Poly Sanhao pursuant to the terms of the First Loan Agreement
"First Loan Agreement"	the conditional loan agreement dated 5 September 2007 entered into, among others, the Lender as lender and Poly Sanhao as borrower in respect of the First Loan
"Group"	the Company and its subsidiaries
"Guangzhou Poly"	廣州保利倉儲管理有限公司 (Guangzhou Poly Warehouse Management Co. Ltd.), a company incorporated in the PRC with limited liability and was owned as to 55% by Mr. Lan Ning, an executive Director, as at the Latest Practicable Date
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Shareholders"	holders of the Shares other than Mr. Lan Ning, Mr. Wu's spouse and Mr. Chan and their respective associates
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, are third party(ies) independent of and not connected with the Company and any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates

"Latest Practicable Date"	21 September 2007, being the latest practicable date for ascertaining certain information for inclusion in this circular
"Lender"	Famous Apex Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Chan"	Mr. Chan Way Luk, an Independent Third Party and the beneficial owner of the entire equity interest in Worldpro as at the Latest Practicable Date
"Mr. Wu"	Mr. Wu Deming, an Independent Third Party and the beneficial owner of the entire equity interest in Zhuhai Sanhao as at the Latest Practicable Date
"Perfect Honour"	Perfect Honour Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"Poly Sanhao"	珠海市保利三好有限公司 (Zhuhai Poly Sanhao Company Limited#), a company incorporated in the PRC with limited liability which was owned as to 51%, 40% and 9% by Worldpro, Zhuhai Sanhao and Guangzhou Poly respectively as at the Latest Practicable Date
"PRC"	The People's Republic of China
"Property"	Huaxia Zhongguan City at the south of Lanpu Road, Northeast of Qianshan Flyover, north of Jiuzhou Avenue, Qianshan, Zhuhai City, Guangdong Province, the PRC, comprising 3 parcels of land with a total site area of approximately 91,642.99 sq.m. to be developed into a large-scale mixed use complex, and of which land use right for a site area of approximately 8,851.98 sq.m. has been obtained by China-King
"Rongzhong BVI"	Rongzhong Group Limited, a company incorporated in the British Virgin Islands with limited liability and a 51% subsidiary of the Company as at the Latest Practicable Date

"Second Loan"	a term loan of RMB15 million or equivalent amount in other currency to be made available by the Lender to Worldpro pursuant to the terms of the Second Loan Agreement
"Second Loan Agreement"	the conditional loan agreement dated 5 September 2007 entered into between the Lender as lender and Worldpro as borrower in respect of the Second Loan
"Share(s)"	ordinary share(s) of HK$0.10 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Worldpro"	Wordpro International Investment Limited, a company incorporated in Hong Kong with limited liability, which is an Independent Third Party and is wholly owned by Mr. Chan
"Zhuhai China-King"	珠海市中廣企業(集團)有限公司 (Zhuhai City China-King Enterprises (Holdings) Co., Ltd.#), a corporation incorporated in the PRC with limited liability and an Independent Third Party
"Zhuhai Sanhao"	珠海市三好房地產開發有限公司 (Zhuhai Sanhao Property Development Co. Ltd.#), a company incorporated in the PRC with limited liability, which is an Independent Third Party and is beneficially wholly owned by Mr. Wu
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"sq.m."	square meter(s)
"%"	per cent.

For English translation only

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:
Mr. Wang Jun
Mr. Wong Yu Lung, Charles
Mr. Ding Chung Keung, Vincent
Mr. Lan Ning
Mr. Kee Wah Sze
Mr. Xie Xiao Qing
Miss Wong, Michelle Yatyee

Independent non-executive Directors:
Mr. Ip Yin Wah
Mr. Ma Ho Fai SBS JP
Mr. Melvin Jitsumi Shiraki

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

27 September 2007

To the Shareholders and, for information only,
holders of preference shares and share options of the Company

Dear Sir or Madam,

MAJOR TRANSACTION

INTRODUCTION

On 6 September 2007, the Board announced that on 5 September 2007 the Lender, a wholly-owned subsidiary of the Company, entered into (i) the First Loan Agreement with Poly Sanhao, pursuant to which the Lender conditionally agreed to make available a term loan of RMB100 million (or equivalent amount in other currency) to Poly Sanhao; and (ii) the Second Loan Agreement with Worldpro, pursuant to which the Lender conditionally agreed to make available a term loan of RMB15 million (or equivalent amount in other currency) to Worldpro, for financing the development of the Property by China-King. The advancement of the First Loan and the Second Loan are inter-conditional.

In consideration of the Lender entering into of the First Loan Agreement and making the First Loan available to Poly Sanhao for a term of 3 years and of the Arranger arranging the First Loan for Poly Sanhao, Mr. Chan, Mr. Wu and Worldpro on 5 September 2007 executed the Deed of Undertaking, pursuant to which Mr. Chan, Mr. Wu and Worldpro have agreed to pay certain arrangement fees to the Lender and the Arranger.

The purpose of this circular is to provide you with (i) further information on the First Loan Agreement, the Second Loan Agreement, the Deed of Undertaking and the respective transactions contemplated thereunder; (ii) the financial information on the Group; (iii) the notice of the EGM; and (iv) other information as required under the Listing Rules.

THE FIRST LOAN AGREEMENT

Date

5 September 2007

Parties

Lender:	Famous Apex Limited, a wholly-owned subsidiary of the Company
Borrower:	Poly Sanhao, an Independent Third Party
Confirmor:	China-King, an Independent Third Party

Principal terms

First Loan:	A term loan of RMB100 million, or equivalent amount in other currency.
Purpose:	The entire proceeds shall be used exclusively for financing the development of the Property by China-King.
Arrangement fee:	Poly Sanhao shall pay to the Lender a non-refundable arrangement fee of RMB10,000,000 (or equivalent amount in other currency) by 2 equal installments on the day falling 24 months and 30 months after the date on which the First Loan is advanced.
Availability period:	The First Loan will be advanced to Poly Sanhao within 5 business days after the fulfillment of all conditions precedent to the grant of the First Loan.

Loan period:	Three years commencing from the date on which the First Loan is advanced.
Security for the First Loan:	1. Mortgage of the 85% equity interest in China-King owned by Poly Sanhao; 2. Mortgage of the 51% equity interest in Poly Sanhao owned by Worldpro; and 3. Mr. Wu's personal guarantee in favour of the Lender.
Repayment:	Subject to an overriding right of the Lender to demand Poly Sanhao to repay the whole of the outstanding First Loan at any time, the outstanding First Loan shall be repaid in RMB (or equivalent amount in other currency) in full on the date falling three years after the date on which the First Loan is advanced.
Prepayment:	No voluntary prepayment of the First Loan is permitted without the Lender's consent.
Interest:	10% per annum accrued from the date of drawing of the First Loan and payable in manner set out below:

Date of interest payment	**Interest payable** *(RMB or equivalent amount in other currency)*
On the day falling 24 months after the date on which the First Loan is advanced	20 million
On the day falling 30 months after the date on which the First Loan is advanced	5 million
On the day falling 36 months after the date on which the First Loan is advanced	5 million

Conditions precedent: The grant of the First Loan is conditional upon, inter alia, the following:

1. if required, the Company having obtained the approval of the Shareholders (other than those, if any, who are required to abstain from voting under the Listing Rules) at the EGM in respect of the First Loan Agreement and the Second Loan Agreement and the respective transactions contemplated thereunder;

2. the provision by Poly Sanhao and China-King of a PRC legal opinion which has been approved and confirmed by the Lender, confirming the due incorporation and valid existence of Poly Sanhao, China-King and all other security parties, the First Loan Agreement and all security documents are legal, valid and enforceable under the PRC law, and any other matters which the Lender may require;

3. the relevant approval or consent from all third parties including but not limited to the relevant authorities in the PRC and overseas for the transactions contemplated under the First Loan Agreement having been obtained; and

4. all the conditions precedent under the Second Loan Agreement having been fulfilled or waived (other than the condition precedent under which requires the fulfillment of all the conditions precedent under the First Loan Agreement).

If any of the conditions precedent set out in the First Loan Agreement has not been fulfilled or waived (other than the condition precedent set out in (1) above) by 31 December 2007 (or such later date as the Lender and Poly Sanhao may agree in writing), the First Loan Agreement shall be terminated automatically and have no further force and effect and no party to the First Loan Agreement shall have any liability thereunder save for any antecedent breach of any term thereof.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Poly Sanhao and China-King is an Independent Third Party.

The terms of the First Loan Agreement were arrived at after arm's length negotiations between the Lender and Poly Sanhao.

THE SECOND LOAN AGREEMENT

Date

5 September 2007

Parties

Lender:	Famous Apex Limited, a wholly-owned subsidiary of the Company
Borrower:	Worldpro, an Independent Third Party

Principal terms

Second Loan:	A term loan of RMB15 million (or equivalent amount in other currency)
Purpose:	The entire proceeds shall be used exclusively for financing the development of the Property by China-King.
Loan period:	Three years commencing from the date on which the Second Loan is advanced.
Arrangement fee:	Worldpro shall pay to the Lender a non-refundable arrangement fee of RMB1,500,000 (or equivalent amount in other currency) which shall be paid as to RMB500,000 (or equivalent amount in other currency) on the day falling 18 months after the drawdown date of the Second Loan and as to RMB1,000,000 (or equivalent amount in other currency) on the day falling 30 months after the drawdown date of the Second Loan.
Security for the Second Loan:	1. First fixed and floating charge on all assets including, among others, any land and properties, intellectual property rights, receivables and securities legally and/or beneficially owned by Worldpro; 2. Mortgage of the entire issued share capital of Worldpro and assignment and subordination of all loans owing from Worldpro to Mr. Chan; 3. Mr. Chan's personal guarantee in favour of the Lender; and 4. Mr. Wu's personal guarantee in favour of the Lender.

Availability period:	Unless otherwise agreed by the Lender, the period commencing on the date of fulfillment or waiver (as applicable) of the conditions precedent to the Second Loan Agreement and ending on the earlier of (i) the date which is two months from the date of such fulfillment or waiver; or (ii) the date on which the Second Loan is fully drawn, cancelled or terminated.
Prepayment:	No voluntary prepayment of the Second Loan is permitted.
Repayment:	Subject to an overriding right of the Lender to demand full repayment of the outstanding Second Loan by the Lender at any time, the outstanding Second Loan shall be repaid in full on the day falling 36 months after the date on which the Second Loan is drawn by Worldpro unless otherwise extended by the Lender at its absolute discretion.
Interest:	40% per annum accrued from the date of drawing of the Second Loan and payable in manner set out below:

Date of interest payment	**Interest payable** *(RMB or equivalent amount in other currency)*
On the day falling 24 months after the date on which the Second Loan is advanced	12 million
On the day falling 30 months after the date on which the Second Loan is advanced	3 million
On the day falling 36 months after the date on which the Second Loan is advanced	3 million

Conditions precedent: The grant of the Second Loan is conditional upon:

1. if required, the Company having obtained the approval of the Shareholders (other than those, if any, who are required to abstain from voting under the Listing Rules) at the EGM in respect of, inter alia, the entering into of the Second Loan Agreement and the First Loan Agreement by the Lender and the performance of the respective transactions contemplated thereunder by the Lender in accordance with all applicable law, rules and regulations;

2. all the conditions precedent to the First Loan Agreement having been fulfilled or waived (as the case may be) (other than the condition precedent which requires the fulfillment of all the conditions precedent under the Second Loan Agreement); and

3. the Lender having received the Deed of Undertaking duly executed by Mr. Chan, Mr. Wu and Worldpro and all security documents and other documents executed pursuant thereto.

If any of the conditions precedent has not been fulfilled or waived (in respect of the condition precedent set out in (2) above) by 31 December 2007 (or such later date as the Lender may agree at its absolute discretion), the Second Loan Agreement will be terminated automatically and have no further force and effect and no party shall have any liability under them save for any antecedent breach of any term thereof. As at the Latest Practicable Date, the condition precedent set out in (3) above had been fulfilled.

The advancement of the First Loan and the Second Loan are inter-conditional.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Worldpro is an Independent Third Party.

The terms of the Second Loan Agreement were arrived at after arm's length negotiations between the Lender and Worldpro.

DEED OF UNDERTAKING

In consideration of the Lender entering into the First Loan Agreement and making the First Loan available to Poly Sanhao for a term of 3 years and of the Arranger arranging the First Loan for Poly Sanhao, Mr. Chan, Mr. Wu and Worldpro executed the Deed of Undertaking on 5 September 2007, pursuant to which Mr. Chan, Mr. Wu and Worldpro have unconditionally and irrevocably, jointly and severally, covenanted and undertaken to pay to (i) the Arranger an arrangement fee in the sum of RMB5,750,000 (or equivalent amount in other currency) on the day falling 12 months after the date of the drawdown of the First Loan; and (ii) the Lender an arrangement fee in the following manner:

Date of payment	**Amount** *(RMB or equivalent amount in other currency)*
On the day falling 12 months after the date of the drawdown of the First Loan	3,450,000
On the day falling 18 months after the date of the drawdown of the First Loan	14,700,000
On the day falling 24 months after the date of the drawdown of the First Loan	13,000,000
On the day falling 30 months after the date of the drawdown of the First Loan	16,200,000
On the day falling 36 months after the date of the drawdown of the First Loan	25,000,000

As security for the performance of the obligations of Mr. Chan, Mr. Wu and Worldpro under the Deed of Undertaking:

1. Worldpro has executed a second fixed and floating charge on all assets including, among others, any land and properties, intellectual property rights, receivables and securities legally and/or beneficially owned by Worldpro; and

2. Mr. Chan and Worldpro have executed a second mortgage of the entire issued share capital of Worldpro and assignment and subordination of all loans owing from Worldpro to Mr. Chan.

INFORMATION ON POLY SANHAO, WORLDPRO AND CHINA-KING

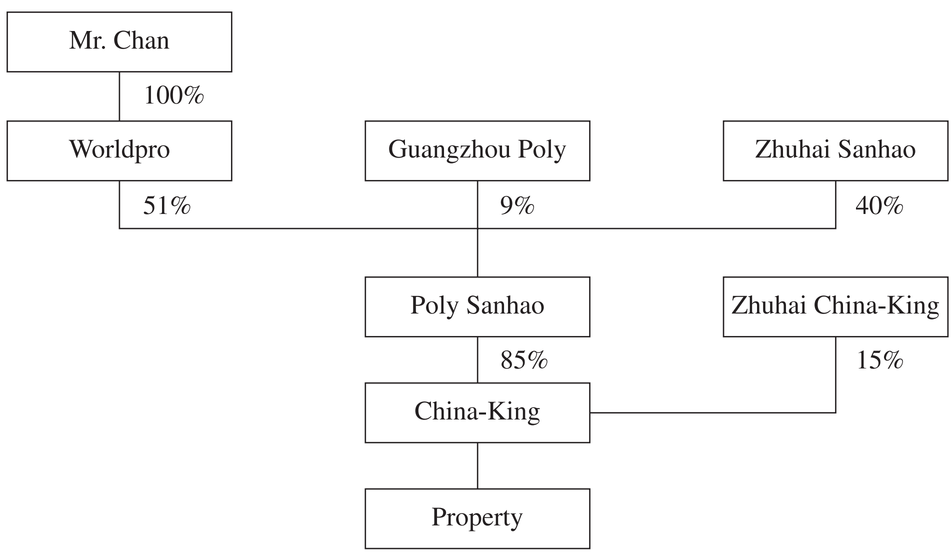
Poly Sanhao is principally engaged in the investment holding of 85% interest in China-King and was owned as to 51%, 40% and 9% by Worldpro, Zhuhai Sanhao and Guangzhou Poly respectively as at the Latest Practicable Date.

Worldpro is principally engaged in the investment holding of 51% interest in Poly Sanhao and is wholly owned by Mr. Chan.

Zhuhai Sanhao is beneficially owned by Mr. Wu and Guangzhou Poly is beneficially owned as to 55% by Mr. Lan Ning, an executive Director.

China-King is principally engaged in the development of the Property in the PRC. The Property comprises 3 parcels of land with a total site area of approximately 91,642.99 sq.m. to be developed into a large-scale mixed use complex, comprising a residential portion, a retail portion and car parking spaces and of which land use right for a site area of approximately 8,851.98 sq.m. has been obtained by China-King. China-King was owned as to 85% and 15% by Poly Sanhao and Zhuhai China-King respectively as at the Latest Practicable Date. Zhuhai China-King and its ultimate beneficial owners are Independent Third Parties.

The shareholding structure of Poly Sanhao, China-King and Worldpro as at the Latest Practicable Date is set out below:



REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE FIRST LOAN AGREEMENT AND THE SECOND LOAN AGREEMENT

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

As mentioned in the annual report of the Company for the financial year ended 31 March 2007, the Group believes that investment in its financial service business would be a long term strategic move. For the financial year ended 31 March 2007, the lending business portfolio of the Group continued to achieve a high yield averaging at above 4% per month. The Directors are optimistic about the prospects in the development of the Property by China-King and consider that the entering into of the First Loan Agreement and the Second Loan Agreement, which collectively provide the Group with a potential investment return of over 35% per annum, are in line with the strategic direction of the Group and can provide the Group with a stable and promising source of revenue during the terms of the First Loan and the Second Loan.

The Directors are of the view that the terms of the First Loan Agreement and the Second Loan Agreement and the respective transactions contemplated thereunder are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

The advance of the First Loan to Poly Sanhao and the Second Loan to Worldpro will be financed by the Group's internal resources. Save for a reclassification of assets of the Group, the advance of the First Loan and the Second Loan will not have material impact on the assets and liabilities of the Group.

EGM

As the relevant applicable aggregate percentage ratio for the grant of the First Loan and the Second Loan and the respective transactions contemplated thereunder under Rule 14.07 of the Listing Rules is above 25% but less than 100%, the grant of the First Loan and the Second Loan together constitutes a major transaction for the Company and therefore is subject to the approval by the Shareholders. As the aggregate of the First Loan and the Second Loan exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, relevant disclosures pursuant to Rule 13.13 of the Listing Rules has been made in the Announcement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, save that Mr. Lan Ning, Mr. Wu's spouse and Mr. Chan, who beneficially owned 71.3 million Shares, 900,000 Shares and 360,000 Shares respectively as at the Latest Practicable Date and are deemed to have material interest in the First Loan Agreement and the Second Loan Agreement and the respective transactions contemplated thereunder, are required to abstain from voting at the EGM, no Shareholder has a material interest in the First Loan Agreement and the Second Loan Agreement and the respective transactions contemplated thereunder who is required to abstain from voting at the EGM. The grant of the First Loan and the Second Loan and the respective transactions contemplated thereunder are therefore subject to the approval of the Independent Shareholders by poll at the EGM under the Listing Rules.

A notice convening the EGM is set out in this circular. At the EGM, an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the First Loan Agreement, the Second Loan Agreement and the respective transactions contemplated thereunder.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Computershare Hong Kong Investor Services Ltd. at 46/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

In compliance with the Listing Rules, the votes on the ordinary resolution proposed to the Shareholders at the EGM will be taken by poll and the results of which will be announced after the EGM.

As at the Latest Practicable Date, there was no discrepancy between the beneficial shareholding interest of any Shareholders as disclosed in this circular and the number of Shares in respect of which they would control or would be entitled to exercise control over the voting rights at the EGM.

PROCEDURES FOR DEMANDING A POLL

Pursuant to the articles of association of the Company, a poll is demanded by:

(a) the chairman (being a person entitled to vote) of such meeting; or

(b) at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

(c) a Shareholder or Shareholders present in person or in case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

(d) a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that rights; or

(e) if required by the Listing Rules, any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing 5% or more of the total voting rights at such meeting.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

The chairman of such meeting will demand a poll at the EGM. The poll procedure will be scrutineered by Computershare Hong Kong Investor Services Limited, the share registrar of the Company.

RECOMMENDATION

The Directors consider that the terms of the First Loan Agreement and the Second Loan Agreement and the respective transactions contemplated thereunder are fair and reasonable and are in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the resolutions to be proposed at the EGM to approve the First Loan Agreement, the Second Loan Agreement and the respective transactions contemplated thereunder.

FURTHER INFORMATION

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

Yours faithfully,
By Order of the Board
Goldbond Group Holdings Limited
Wong Yu Lung, Charles
Chief Executive Officer

1. SUMMARY OF THE FINANCIAL STATEMENTS OF THE GROUP

(A) The following is a summary of the audited financial results of the Group for each of the three years ended 31 March 2007 as extracted from the audited accounts of the Group for the three years ended 31 March 2007.

There were no qualified opinion for the Group's accounts for each of the three years ended 31 March 2007.

Financial summary

Consolidated profit and loss account

	Year ended 31 March		
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
	(Re-stated)		
Turnover	24,735	39,962	59,654
Profit before taxation	34,831	12,968	38,179
Taxation	(7,748)	(9,107)	10,524
Profit for the year	27,083	3,861	48,703

Consolidated net assets

	As at 31 March		
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
	(Re-stated)	(Re-stated)	
Non-current assets	574,716	599,334	49,552
Non-current assets classified as held for sale	–	–	634,849
Other current assets	54,179	154,740	226,886
Liabilities associated with non-current assets classified as held for sale	–	–	(160,270)
Other current liabilities	(27,752)	(134,531)	(320,927)
Non-current liabilities	(281,003)	(262,029)	(15,900)
Net assets	320,140	357,514	414,190

(B) The following is the audited financial statements of the Group for the year ended 31 March 2007 (the date to which the latest audited accounts were made up), together with the comparative figures for the year ended 31 March 2006 and the accompanying notes to the audited accounts of the Group for the year ended 31 March 2007 as extracted from tha annual report of the Company for the year ended 31 March 2007.

In respect of the notes to the following financial statements, references to page numbers are the page numbers of 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	Share premium	Revaluation reserve	Employee share-based compensation reserve	Convertible notes reserve	General reserve	Translation reserve	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(note 30)*	*HK$'000*	*HK$'000*	*HK$'000*	*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	2006
	HK$'000	*HK$'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		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*
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 *HK$'000*	Salaries, allowances and benefits *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Discretionary bonus *HK$'000*	Share-based payments *HK$'000*	Total *HK$'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 *HK$'000*	Salaries, allowances and benefits *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Discretionary bonus *HK$'000*	Share-based payments *HK$'000*	Total *HK$'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 *HK$'000*	2006 *HK$'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 *HK$'000*	2006 *HK$'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 *HK$'000*	THE COMPANY *HK$'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$*	Number of share options: Outstanding at 1 April 2006	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2007
8.11.2004	1.1.2007-7.11.2014	0.148	113,000,000	–	(12,000,000)	(2,000,000)	99,000,000
30.5.2005	1.1.2007-29.5.2015	0.136	16,000,000	–	–	–	16,000,000
29.7.2005	1.1.2007-28.7.2015	0.132	4,800,000	–	–	–	4,800,000
7.7.2006	1.1.2010-6.7.2016	0.210	–	32,000,000	–	–	32,000,000
6.2.2007	1.6.2007-5.2.2017	0.174	–	3,000,000	–	–	3,000,000
29.3.2007	29.3.2010- 28.3.2017	0.256	–	32,000,000	–	–	32,000,000
			133,800,000	67,000,000	(12,000,000)	(2,000,000)	186,800,000
			HK$	*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$*	Number of share options: Outstanding at 1 April 2005	Granted during the year	Lapsed during the year	Outstanding at 31 March 2006
8.11.2004	1.1.2007-7.11.2014	0.148	131,000,000	–	(18,000,000)	113,000,000
30.5.2005	1.1.2007-29.5.2015	0.136	–	16,000,000	–	16,000,000
29.7.2005	1.1.2007-28.7.2015	0.132	–	4,800,000	–	4,800,000
			131,000,000	20,800,000	(18,000,000)	133,800,000
			HK$	*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$*	Number of share options: Outstanding at 1 April 2006	Granted during the year	Lapsed during the year	Outstanding at 31 March 2007
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 *HK$*	Number of share options: Outstanding at 1 April 2005	Granted during the year	Lapsed during the year	Outstanding at 31 March 2006
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	Wuhan Rongzhong	Total
	HK$'000	*HK$'000*	*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.

2. STATEMENT OF INDEBTEDNESS

At the close of business on 31 July 2007, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement prior to the printing of this circular, the Group had outstanding bank borrowings of approximately HK$203,432,000, of which bank borrowings of approximately HK$25,417,000 were secured by the Group's assets as follows:

(i) the properties held for sale of the Group with an aggregate carrying value of RMB8,010,000 (equivalent to approximately HK$8,344,000); and

(ii) a floating charge over the assets of Rongzhong BVI.

融眾擔保集團有限公司 (Rongzhong Guarantee Group Limited) ("Rongzhong Guarantee"), a subsidiary of the Company, had given guarantees to a bank to secure bank borrowings of not more than RMB180,000,000 (equivalent to approximately HK$187,500,000) in aggregate, in which approximately RMB170,895,000 (equivalent to approximately HK$178,016,000) had been utilised by its subsidiaries as at 31 July 2007.

Rongzhong Guarantee had also given a guarantee to a bank to secure a loan facility of not more than RMB10,000,000 (equivalent to approximately HK$10,417,000) to its subsidiary and the full amount was drawn down by its subsidiary as at 31 July 2007.

At the close of business on 31 July 2007, the Group had issued convertible notes and redeemable convertible preference shares of which the liability components amounted to approximately HK$16,984,000 and HK$1,439,000 respectively as at 31 July 2007.

At the close of business on 31 July 2007, the Company had pledged a deposit of US$2,618,000 (equivalent to approximately HK$20,419,000) to a bank for certain banking facilities. These related banking facilities had not been utilised and the pledged deposit was subsequently released in August 2007. The Company also executed a share charge in respect of the shares of a subsidiary, Perfect Manor Limited, together with the subordination of the Company's loans to Perfect Manor Limited, to another bank as security for certain banking facilities. The Company provided a corporate guarantee of HK$200,000,000, and a cross guarantee between the Company and Perfect Manor Limited, amounting to HK$70,000,000 to this bank. These related banking facilities had been terminated. The share charge and guarantee are expected to be released in late 2007.

As at the close of business on 31 July 2007, the Group has contingent liabilities of approximately RMB1,087,806,000 (equivalent to approximately HK$1,133,131,000) in relation to the provision of the guarantee services in the People's Republic of China.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 31 July 2007 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.

3. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As mentioned in the annual report of the Company for the financial year ended 31 March 2007, the PRC Government was promoting on domestic spending, versus exports for economic growth, hence, the local banks were more aggressive in expanding the related consumer finance business. In addition, there is enormous demand for loan guarantee as it is difficult for PRC individuals to obtain loans without sufficient collateral and/or suitable guarantee, which resulted in the increase in turnover of the Group.

To further tap into the PRC consumer finance market and facilitate its operation, in April 2007, the Group and the other shareholders of Rongzhong BVI, a subsidiary of the Company, subscribed an aggregate of 25,999,900 new shares in Rongzhong BVI on a pro rata basis at the aggregate subscription consideration of approximately HK$202,799,000. In addition, in June 2007, the Group advanced a HK$60 million loan to Rongzhong BVI as the general working capital of Rongzhong BVI and its subsidiaries (the "Rongzhong Group") and, in August 2007, the Group agreed to make available a revolving loan facility of up to HK$500 million to Rongzhong BVI as general working capital of the Rongzhong Group. The grant of the HK$500 million loan facility was subject to, inter alia, the approval by the Shareholders as at the Latest Practicable Date.

As the investment in financial services business will be a long-term strategic move for the Group, to increase its participation in the prospective growth of loan guarantee and bridging finance businesses in the PRC, in July 2007, the Group has agreed to dispose of its entire interest in Goldbond Capital Holdings Limited and in August 2007, the Group has agreed to further acquire 20% of the entire issued share capital of Rongzhong BVI which will become a 71% subsidiary of the Company upon completion. The disposal of interest in Goldbond Capital Holdings Limited and the acquisition of interest in Rongzhong BVI were not yet completed as at the Latest Practicable Date.

In view of the substantial growth in the PRC economy, together with the immense business opportunities offered by the 2008 Olympic Game in Beijing, the PRC, the Group will grasp the opportunity to focus and expand its strategic business developments in the financial service industries. The Directors are optimistic about the prospects in the development of the Property by China-King and consider that the entering into of the First Loan Agreement and the Second Loan Agreement and the performance of the respective transactions contemplated thereunder, which will collectively provide the Group with a potential investment return of over 35% per annum, are in line with the strategic direction of the Group and can provide the Group with a stable and promising source of revenue during the terms of the First Loan and the Second Loan.

It is the intention of the Group that it will leverage on the Group's expertise and extensive network in the PRC to identify business opportunities in providing financial services with promising returns in the PRC.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse changes in the financial or trading position or prospects of the Group since 31 March 2007, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. WORKING CAPITAL

After taking into account the internally generated funds and available banking facilities of the Group, the Directors are of the opinion that the Group will, following the advancements of the First Loan and the Second Loan, have sufficient working capital to satisfy its present requirement for the next 12 months from the date of this circular.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and that there are no other facts the omission of which would make any statement contained herein misleading.

2. DISCLOSURE OF INTERESTS

A. Interests of the Directors and chief executive in securities

As at the Latest Practicable Date, save as disclosed herein, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or 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 Companies (the "Model Code"), to be notified to the Company and the Stock Exchange:

(i) Interests in Shares

Name of Director	Nature of interest	Number of Shares	Approximate shareholding percentage
Mr. Wong Yu Lung, Charles ("Mr. Wong")	Corporate	497,232,000 *(Note 1)*	19.28%
Mr. Kee Wah Sze ("Mr. Kee")	Corporate	338,888,343 *(Note 2)*	13.14%
	Corporate	169,798,449 *(Note 3)*	6.58%
	Personal	12,000,000	0.47%
Mr. Wang Jun ("Mr. Wang")	Corporate	67,001,300 *(Note 4)*	2.6%
Mr. Lan Ning ("Mr. Lan")	Corporate	66,700,000 *(Note 5)*	2.59%
	Personal	4,600,000	0.18%
Mr. Ding Chung Keung, Vincent ("Mr. Ding")	Personal	38,000,000	1.47%
Mr. Melvin Jitsumi Shiraki ("Mr. Shiraki")	Personal	2,100,000	0.08%
Mr. Ip Yin Wah	Personal	1,600,000	0.06%
	Spouse	50,000	0.002%
Mr. Ma Ho Fai SBS JP	Personal	1,200,000	0.05%

Notes:

1. These Shares were held by Allied Luck Trading Limited, which is owned as to 50% by Mr. Wong and as to 50% by Mrs. Wong Fang Pik Chun ("Mrs. Wong"), the spouse of Mr. Wong. Mr. Wong was deemed to be interested in all these Shares by virtue of his shareholding interests in Allied Luck Trading Limited.

2. These Shares were held by Ace Solomon Investments Limited ("Ace Solomon") (which is owned as to 89% by Mr. Kee and as to 11% by Mr. Wong), Mr. Kee was deemed to be interested in all these Shares by virtue of his shareholding interests in Ace Solomon.

3. These Shares were held by Goldbond Capital Investment Holdings Limited ("GCIHL") (which is indirectly owned as to 90% Mr. Kee and as to 10% by Mr. Wong), Mr. Kee was deemed to be interested in all these Shares by virtue of his shareholding interests in GCIHL.

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

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

(ii) Interests in underlying Shares pursuant to convertible note

Name of Director	**Nature of interest**	**Underlying Shares pursuant to Convertible Note**	**Date of issue of Convertible Note**	**Conversion price per Share (subject to adjustment)**	**Exercise period**	**Approximate % of the enlarged issued share capital of the Company (upon issue of Shares under Convertible Note)** *(Note 2)*
Xie Xiao Qing ("Mr. Xie")	Corporate	125,000,000 *(Note 1)*	RZ Completion Date *(Note 1)*	HK$1.08	From the 1st anniversary of the Convertible Note up to the business day prior to the 2nd anniversary, HK$54 million From the 2nd anniversary of the Convertible Note up to the business day prior to the maturity date, HK$81 million	4.62%

Notes:

1. The convertible note (the "Convertible Note") will be issued to Yong Hua International Limited ("Yong Hua") on the date of the completion ("RZ Completion Date") of the sale and purchase agreement dated 15 August 2007 in respect of the acquisition of 20% interest in Rongzhong Group Limited ("Rongzhong BVI") by the Group.

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

(iii) Interests in underlying Shares pursuant to share options

Name of Director	Nature of interest	No. of share options granted	Date of grant	Subscription price	Exercise period
Mr. Ding	Personal	8,000,000	7 July 2006	HK$0.21	1 January 2010 to 6 July 2016
	Personal	25,000,000	17 August 2007	HK$1.014	17 August 2010 to 16 August 2017
Mr. Wang	Personal	25,000,000	17 August 2007	HK$1.014	17 August 2010 to 16 August 2017
Mr. Wong	Personal	16,000,000	8 November 2004	HK$0.148	1 January 2007 to 7 November 2014
	Personal	25,000,000	17 August 2007	HK$1.014	17 August 2010 to 16 August 2017
Miss Wong, Michelle Yatyee ("Miss Wong")	Personal	16,000,000	29 March 2007	HK$0.256	29 March 2010 to 28 March 2017
Mr. Xie	Personal	16,000,000	29 March 2007	HK$0.256	29 March 2010 to 28 March 2017
Mr. Shiraki	Personal	1,600,000	29 July 2005	HK$0.132	1 January 2007 to 28 July 2015

(iv) Interests in shares of the associated corporation

Name of Director	Nature of interest	Number of ordinary shares	Percentage of the issued share capital
(a) Goldbond Capital Holdings Limited			
Mr. Kee	Corporate	75,000,000	50%
	Corporate	75,000,000 (S)	50%
(b) Rongzhong BVI			
Mr. Xie	Corporate	10,142,600	39.01%
	Corporate	5,200,000 (S)	20%

Except for the interests marked "(S)" representing short position in such interests, all the interests stated above represent long position.

B. Substantial Shareholders

As at the Latest Practicable Date, save as disclosed below, so far as known to the Directors and chief executive of the Company, no person (other than a Director or chief executive of the Company) had any 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 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 members of the Group:

(i) Interests in Shares

Name	Number of Shares	Approximate shareholding percentage
Allied Luck Trading Limited *(Note 1)*	497,232,000	19.28%
Mrs. Wong	497,232,000 *(Note 2)*	19.28%
Ace Solomon *(Note 3)*	338,888,343	13.14%
Mrs. Kee Yip Yue Lin, Loolina ("Mrs. Kee")	520,686,792 *(Note 4)*	20.19%
GCIHL *(Note 5)*	169,798,449	6.58%
Grace Honour Limited *(Note 5)*	169,798,449	6.58%
Legend (Asia Pacific) Investment Limited *(Note 5)*	169,798,449	6.58%

Notes:

1. Allied Luck Trading Limited is owned as to 50% by Mr. Wong and as to 50% by Mrs. Wong.

2. Mrs. Wong was deemed to be interested in such Shares by virtue of her and her spouse's shareholding interests in Allied Luck Trading Limited.

3. Ace Solomon is owned as to 11% by Mr. Wong and as to 89% by Mr. Kee, both being Directors.

4. Mrs. Kee was taken to be interested in such Shares under the SFO by virtue of her spouse, Mr. Kee's shareholding interests in Ace Solomon and GCIHL and his personal interests.

5. GCIHL, a company wholly owned by Legend (Asia Pacific) Investment Limited, which in turn, is owned as to 90% by Grace Honour Limited (which is wholly owned by Mr. Kee) and as to 10% indirectly owned by Mr. Wong.

(ii) Interests in underlying Shares pursuant to convertible note

Name	Underlying Shares pursuant to Convertible Note issued	Date of issue of Convertible Note	Conversion price (subject to adjustment) per Share	Exercise period	Approximate % of the enlarged issued share capital of the Company (upon issue of Shares under Convertible Note) *(Note 2)*
Yong Hua	125,000,000 *(Note 1)*	RZ Completion Date	HK$1.08	From the 1st anniversary of the Convertible Note up to the business day prior to the 2nd anniversary, HK$54 million From the 2nd anniversary of the Convertible Note up to the business day prior to the maturity date, HK$81 million	4.62%

Notes:

1. The Convertible Note will be issued to Yong Hua on the RZ Completion Date.

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

(iii) Interests in underlying Shares pursuant to share options

Name	Nature of interest	No. of share options granted	Date of grant	Subscription price	Exercise period
Mrs. Wong	Spouse	16,000,000	8 November 2004	HK$0.148	1 January 2007 to 7 November 2014
	Spouse *(Note 1)*	25,000,000	17 August 2007	HK$1.014	17 August 2010 to 16 August 2017

Note:

1. The share options were held by Mr. Wong, the spouse of Mrs. Wong and as such, she was deemed to be interested in such share options under the SFO.

All the interests stated above represent long position.

(iv) Interests in other members of the Group

Name of member of the Group	Name	Capacity	Shareholding percentage
Rongzhong BVI	Mr. Xie	Beneficial owner	39.01%

C. Directorship or employee of a company which had an interest or short position in the securities of the Company

As at the Latest Practicable Date, save as disclosed below, none of the Directors is a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO:

Name of Director	Name of company which had such discloseable interest or short position	Position within such company
Mr. Kee	Ace Solomon	Director
	Grace Honour Limited	Director
	GCIHL	Director
	Legend (Asia Pacific) Investment Limited	Director
Mr. Wong	Ace Solomon	Director
	Allied Luck Trading Limited	Director
	Grace Honour Ltd	Director
	GCIHL	Director
	Legend (Asia Pacific) Investment Limited	Director
Miss Wong	GCIHL	Director
	Legend (Asia Pacific) Investment Limited	Director
Mr. Xie	Yong Hua	Director

D. Directors' interests in contracts and assets

(i) Pursuant to an agreement dated 25 January 2006, the Company provided an unsecured revolving facility in the amount of up to HK$40 million to Goldbond Capital Holdings Limited ("GCHL") for a term of three years commencing from 25 January 2006 (the "GCHL Revolving Facility Agreement"). As at the Latest Practicable Date, GCHL was a company owned as to 20% by Flourish Global Limited ("FGL") (a wholly-owned subsidiary of the Company), as to 50% by GCIHL, as to 20% and 10% by two independent third parties respectively. Further details of the GCHL Revolving Facility Agreement have been set out in the announcement of the Company dated 26 January 2006.

(ii) Pursuant to a tenancy agreement dated 28 April 2006, Rongzhong BVI leased a property as its office in Hong Kong at a monthly rental of HK$22,000 (exclusive of management fees, rates, government rent and operating expenses) for two years commencing from 1 May 2006 from a company beneficially owned by Mrs. Wong and a close relative of Mr. Wong. Further details of the tenancy agreement have been set out in the announcement of the Company dated 28 April 2006.

(iii) Pursuant to a tenancy agreement dated 23 April 2007, the Company leased a property as its registered office at a monthly rental of HK$143,000 (exclusive of management fees, rate, government rent and operating expenses) for a period from 24 April 2007 to 30 April 2008 (both dates inclusive) from a company beneficially owned by Mrs. Wong and a close relative of Mr. Wong. Further details of the tenancy agreement have been set out in the announcement of the Company dated 25 April 2007.

(iv) On 3 July 2007, an equity purchase agreement (the "Equity Purchase Agreement") was made between, among others, Piper Jaffray Companies (as buyer), GCIHL and FGL (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 GCHL. Details of which have been set out in the announcement of the Company dated 6 July 2007.

(v) On 15 August 2007, a loan agreement was signed between Perfect Honour Limited, a wholly-owned subsidiary of the Company, as lender and Rongzhong BVI as borrower and a conditional sale and purchase agreement was signed between, inter alia, Perfect Honour Limited as purchaser and Yong Hua as seller. Details of which have been set out in the Company's announcement dated 16 August 2007.

Save as disclosed herein, there is no other contract or arrangement subsisting at the date of this circular in which a Director is materially interested and which is significant to the business of the Group.

Save as disclosed above, none of the Directors has or has had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2007, being the date to which the latest published audited accounts of the Company were made up.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company and their respective associates had any interest in a business which competes or may compete with the business of the Group.

4. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (other than contracts expiring or determinable by any member of the Group within one year without payment of compensation, other than statutory compensation).

5. LITIGATION

So far as the Directors were aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened against or by the Company or any of its subsidiaries.

6. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this circular, the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group and are or may be material:

(a) the GCHL Revolving Facility Agreement as defined in section 2(D)(i) of this appendix;

(b) sale and purchase agreements dated 26 February 2007 made between the purchaser and 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;

(c) a conditional agreement dated 18 March 2007 made between the Company and Bateson Investment Limited ("Bateson") for the disposal of the entire issued share capital of, and loan to, Sino Dynasty Investments Limited by the Company to Bateson;

(d) a subscription agreement dated 20 March 2007 made between Perfect Honour Limited, Yong Hua, Legend Crown International Limited and Rongzhong BVI in respect of the subscription of new shares in Rongzhong BVI;

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

(f) the Equity Purchase Agreement as defined in section 2(D)(iv) of this appendix;

(g) a placing agreement made between Ace Solomon and the placing agent and a subscription agreement made between Ace Solomon and the Company is relation to a top-up placing of 268,000,000 Shares, the details of which have been announced by the Company on 20 July 2007; and

(h) the loan agreement and the sale and purchase agreement as referred to in section 2(D)(v) of this appendix.

7. GENERAL

(a) The secretary of the Company is Ms. Li Yu Lian, Kelly, an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of the Institute of Chartered Secretaries and Administrators.

(b) The qualified accountant of the Company is Mr. Pau Wai Yuen, an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

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

(d) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited whose registered office is at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(e) The English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at Units 1901-06, 19th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong during normal office hours on any weekday, except public holidays, from the date of this circular up to and including the date of the EGM:

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

(b) the audited consolidated financial statements of the Company and its subsidiaries for the two financial years ended 31 March 2007;

(c) the material contracts referred to under the section headed " Material contracts" in this appendix;

(d) the First Loan Agreement, the Second Loan Agreement and the Deed of Undertaking;

(e) the circular dated 19 April 2007 regarding a major and connected transaction of the Company, the circular dated 8 June 2007 regarding a discloseable and connected transaction of the Company, the circular dated 27 July 2007 regarding a major and connected transaction of the Company and the circular dated 9 September 2007 regarding a discloseable and connected transaction of the Company issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules since the date of the latest published audited accounts of the Company.

GOLDBOND GROUP HOLDINGS LIMITED

金榜集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 172)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of Goldbond Group Holdings Limited (the "Company") will be held at 10:00 a.m. on Monday, 22 October 2007 at JW Marriott Ballroom, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as ordinary resolution:

ORDINARY RESOLUTION

"**THAT**:

(a) the entering into of the conditional loan agreement dated 5 September 2007 (the "First Loan Agreement"), a copy of which has been produced to the meeting marked "A" and initialled by the Chairman of the meeting for the purpose of identification, between, inter alia, Famous Apex Limited ("Famous Apex"), a wholly-owned subsidiary of the Company, as lender and 珠海市保利三好有限公司 ("Poly Sanhao") as borrower, whereby Famous Apex has conditionally agreed to grant a term loan of RMB100 million to Poly Sanhao upon the terms and subject to the conditions therein contained, be and is hereby approved, confirmed and ratified and the performance of the transactions contemplated thereunder be and is hereby approved;

(b) the entering into of the conditional loan agreement dated 5 September 2007 (the "Second Loan Agreement"), a copy of which has been produced to the meeting marked "B" and initialled by the Chairman of the meeting for the purpose of identification, between Famous Apex as lender and Worldpro International Investment Limited ("Worldpro") as borrower, whereby Famous Apex has conditionally agreed to grant a term loan of RMB15 million to Worldpro upon the terms and subject to the conditions therein contained, be and is hereby approved, confirmed and ratified and the performance of the transactions contemplated thereunder be and is hereby approved; and

(c) any one director of the Company be and is hereby authorised for and on behalf of the Company to do all acts and things and execute and deliver all documents whether under the common seal of the Company or otherwise as may be necessary, desirable or expedient to carry out or to give effect to any or all transactions contemplated under the First Loan Agreement and the Second Loan Agreement."

By Order of the Board
Kelly Li
Company Secretary

Hong Kong, dated 27 September 2007

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

Notes:

1. Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not to be a shareholder of the Company.

2. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority shall be deposited at the office of the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 46/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the holding of the meeting or any adjournment thereof, and in default, the instrument of proxy shall not be treated as valid.

3. Completion and return of the form of proxy will not preclude the appointor from attending and voting in person at the meeting or any adjournment thereof. In that event, such form of proxy will be deemed to have been revoked.

4. In the case of joint holders of any share of the Company, only the person whose name stands first on the register of members may vote at the meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto, but any one of the joint holders may be appointed as proxy to vote on behalf of such joint holders, and as such proxy to attend and vote at the meeting.