THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

GOLDBOND GROUP HOLDINGS LIMITED

金 榜 集 團 控 股 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock code: 172)

VERY SUBSTANTIAL DISPOSAL

A letter from the Board is set out on pages 4 to 14 of this circular.

A notice convening the EGM to be held at JW Marriott Ballroom, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 17 April 2007 at 10:00 a.m. is set out on pages 121 to 124 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

28 March 2007

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

"Apex Honour"	Apex Honour Limited, an indirectly wholly-owned subsidiary of the Company
"Board"	the board of Directors
"Company"	Goldbond Group Holdings Limited, a company incorporated in Hong Kong with limited liability with its issued Shares listed on the Stock Exchange
"Completion"	completion of the transactions contemplated under the S&P Agreements
"Director(s)"	the director(s) of the Company
"Disposal"	disposal of the entire interest in the Property to the Purchaser by the Vendors pursuant to the S&P Agreements
"EGM"	the extraordinary general meeting of the Company to be convened on 17 April 2007 to approve, amongst other things, the S&P Agreements, the Rental Guarantee Agreement and the Licence Agreement and the transactions contemplated thereunder
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	22 March 2007, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
"Licence Agreement"	the licence agreement to be entered into between Perfect Manor (as licensee), the Company (as guarantor) and the Purchaser (as licensor) upon Completion
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Metro Fair"	Metro Fair Investments Limited, an indirectly wholly-owned subsidiary of the Company
"Perfect Manor"	Perfect Manor Limited, an indirectly wholly-owned subsidiary of the Company
"PRC"	the People's Republic of China
"Property"	certain shop units (representing more than 90% in aggregate) from the basement to the 3rd floor and the exterior walls outside of Golden Plaza, which is situated at Nos. 745 to 747 Nathan Road, Mongkok, Kowloon, Hong Kong
"Purchaser"	Bliss Investments Limited, which and whose ultimate beneficial owners are to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company
"Remaining Group"	the Group remained subsequent to the Disposal
"Rental Guarantee Agreement"	the rental guarantee agreement to be entered into between the Company, Perfect Manor and the Purchaser in relation to the Rental Guarantee upon Completion
"Share(s)"	ordinary share(s) of HK$0.10 each in the capital of the Company
"S&P Agreements"	the S&P Agreement 1, the S&P Agreement 2 and the S&P Agreement 3, and each of them, the S&P Agreement
"S&P Agreement 1"	the agreement dated 26 February 2007 entered into between the Purchaser and Perfect Manor in relation to the disposal of the assets mentioned in the paragraph headed "Assets to be disposed of"
"S&P Agreement 2"	the agreement dated 26 February 2007 entered into between the Purchaser and Metro Fair in relation to the disposal of the assets mentioned in the paragraph headed "Assets to be disposed of"

"S&P Agreement 3"	the agreement dated 26 February 2007 entered into between the Purchaser and Apex Honour in relation to the disposal of the assets mentioned in the paragraph headed "Assets to be disposed of"
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendors"	Perfect Manor, Metro Fair and Apex Honour
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent
"sq.ft."	square feet
"US$"	United States dollars, the lawful currency of the United States of America

Note: For the purpose of this circular, unless otherwise specified, amounts denominated in Renminbi have been translated for the purpose of illustration only into Hong Kong dollars at the exchange rate of RMB1.00 = HK$1.00, and amounts denominated in US dollars have been translated for the purpose of illustration only into Hong Kong dollars at the exchange rate of US$1.00 = HK$7.80.

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. Wong Yu Lung, Charles
Mr. Lan Ning
Mr. Kee Wah Sze
Mr. Ding Chung Keung, Vincent
Miss Wong, Michelle Yatyee

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

Registered office:
Unit 3901A, 39th Floor
Tower 1, Lippo Centre
89 Queensway
Hong Kong

28 March 2007

To the Shareholders and, for information only,
holders of Preference Shares, holders of convertible notes
and share options of the Company

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL

INTRODUCTION

It was announced on 8 March 2007 that each of the Vendors and the Purchaser entered into the S&P Agreements respectively, pursuant to which the Vendors agreed to sell and the Purchaser agreed to acquire the Property from the Vendors at a total consideration of approximately HK$530 million.

The Disposal constitutes a very substantial disposal transaction on the part of the Company under Chapter 14 of the Listing Rules. Pursuant to Rule 14.49 of the Listing Rules, the Disposal is conditional on approval by the Shareholders at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, no Shareholder nor the Directors have a material interest in the Disposal. No Shareholder is required to abstain from voting to approve the Disposal at the EGM.

The purpose of this circular is to give you, among others, further details of (i) the terms of the Disposal; (ii) other disclosures in connection with the Disposal required pursuant to the Listing Rules in respect of a very substantial disposal; and (iii) a notice of EGM for the purpose of seeking the approval of the Disposal by the Shareholders.

THE S&P AGREEMENTS

On 26 February 2007, each of the Vendors and the Purchaser entered into the S&P Agreements respectively, pursuant to which the Vendors agreed to sell and the Purchaser agreed to acquire the Property from the Vendors at a total consideration of approximately HK$530 million.

Date:	26 February 2007
Parties:	
Vendors:	(1) Perfect Manor (2) Metro Fair (3) Apex Honour
Purchaser:	Bliss Investments Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and the ultimate beneficial owners are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

Assets to be disposed of

The Property composed of the following units and the exterior walls:

Vendors	**Units**
Perfect Manor	Shops B1 to B9 on basement, shops G1A, G1B, G1C, G2, G2A, G3, G3A, G4, G5, G6, G7, G8, G9, G10, G11,G12, G13, G14, G15, G15A, G16, G16A, G17, G17A, G17B, G18, G18A, G19, G19A, G20, G21, G22, G23, G23A, G24, G24A, G25, G25A, G26, G26A, G27, G27A and G28 on ground floor, shops 101, 102,103, 104, 107, 109, 110, 111, 112, 113, 114, 114A, 115, 116, 116A, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 136A, 136B, 137, 137A, 138, 139, 140 and 141 on 1st floor, shops 201, 202, 203, 204, 205, 206, 207, 210, 211, 212, 213, 214, 214A, 215, 216, 216A, 217, 220, 221, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 236, 236A, 236B, 237, 237A, 239 and 240 on 2nd floor and shops 301, 302, 303, 305, 306, 307, 308, 309, 311, 312, 313, 314, 315, 316, 317, 319, 320, 322, 323, 324, 325, 328, 329, 330, 331, 333, 334, 335, 336, 336A, 337, 338 and 339 on 3rd floor of Golden Plaza
Metro Fair	Upper part of the exterior walls of Golden Plaza (the "Upper Wall")
Apex Honour	Lower part of the exterior walls of Golden Plaza (the "Lower Wall")

Consideration

The total consideration for the Disposal of approximately HK$530 million, comprising the consideration for the disposal of (i) the shop units held by Perfect Manor of HK$515 million, (ii) the Lower Wall held by Apex Honour of HK$15 million and (iii) the Upper Wall held by Metro Fair of HK$1 (the "Consideration"), was determined after arm's length negotiations between the parties and after taking into consideration the appraised value of the Property as at 30 September 2006 of HK$500 million.

Terms of payment

The Consideration shall be paid by the Purchaser in the following manner:

(a) HK$26.5 million shall be paid as deposit and in part payment of the Consideration on the business day immediately following the date of the signing of the S&P Agreements to the Purchaser's solicitors as stakeholders (the "Deposit"); and

(b) the remaining balance of approximately HK$503.5 million shall be paid upon Completion.

If the condition set out under the paragraph headed "Condition precedent" below is not fulfilled by the Long Stop Date (as defined below), the S&P Agreements shall automatically lapse and of no further effect. Thereupon, the Deposit paid shall be returned to the Purchaser without interests, costs or compensation and the parties to the S&P Agreements shall at their own costs enter into cancellation agreements releasing each other from further obligations under the S&P Agreements.

As of the date of this circular, the Deposit has been paid by the Purchaser to the Purchaser's solicitors.

Condition precedent

According to the S&P Agreements, completion of the Disposal shall be conditional upon all consents and approvals of the Shareholders in a general meeting and the Stock Exchange (which the Directors consider that the Disposal shall be conditional upon all consents and approvals of the Shareholders in a general meeting only), which are required for the completion of the transactions contemplated under the S&P Agreements, the Rental Guarantee Agreement and the Licence Agreement, having been obtained. It is provided in each of the S&P Agreements that the S&P Agreements shall be completed at the same time.

Neither the Company nor the Purchaser has the right to waive the condition as mentioned above. As of the date of this circular, the condition mentioned above has not been fulfilled.

The Vendors shall use all reasonable endeavours to procure satisfaction of the abovementioned condition as soon as practicable and in any event by not later than 30 June 2007 (or such later date as may be further mutually agreed between the Vendors and the Purchaser) (the "Long Stop Date"). If the abovementioned condition is not fulfilled before the aforementioned such time, the S&P Agreements shall automatically lapse and of no further effect. Thereupon, the Deposit paid shall be returned to the Purchaser without interests, costs or compensation and the parties to the S&P Agreements shall at their own costs enter into cancellation agreements releasing each other from further obligations under the S&P Agreements.

Completion

Completion shall take place within 10 business days immediately following the day when the abovementioned condition contained in the S&P Agreements has been fulfilled.

In the event that the condition set out above has been fulfilled and the Purchaser fails to proceed to completion of the Disposal and/or to pay the balance of the Consideration or any part or instalment thereof stipulated to be payable, the Vendors shall be entitled to (without being obliged to tender an assignment to the Purchaser) rescind the S&P Agreements and forfeit an amount equivalent to not more than 5% of the Consideration.

In the event of the Vendors failing (other than due to the default of the Purchaser) to proceed to completion pursuant to the terms of the S&P Agreements, then all the deposits paid by the Purchaser to the Vendors shall be returned to the Purchaser forthwith who shall also be entitled to recover from the Vendors such further damages as the Purchaser may sustain by reason of such failure on the part of the Vendors.

The shop units of the Property (to the extent tenanted as at Completion) are sold subject to and with the benefit of the existing tenancies in them and otherwise free from encumbrance and the Upper Wall and Lower Wall are sold with vacant possession and free from encumbrance.

THE RENTAL GUARANTEE AGREEMENT

According to the S&P Agreement 1, Perfect Manor has undertaken to provide to the Purchaser upon Completion, the Rental Guarantee (as defined below) in the form annexed to the S&P Agreement 1 to be duly executed by Perfect Manor and the Company. Pursuant to the Rental Guarantee Agreement, Perfect Manor will guarantee to the Purchaser that during the period of the three months immediately following the Completion (the "Rental Guarantee Period"), 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 the Property (excluding the exterior walls of Golden Plaza) will not be less than HK$7,350,628 (the "Rental Guarantee") and subject to other clauses as stated in the Rental Guarantee Agreement. Perfect Manor shall pay to the Purchaser the shortfall (if any) of the Rental Guarantee within 30 calendar days after the expiry of the Rental Guarantee Period. The obligations of Perfect Manor under the Rental Guarantee Agreement will be guaranteed by the Company.

Based on management accounts of the Vendors, recent monthly rental income and licence fees (exclusive of rates, government rent, management fees and (where applicable) air-conditioning charges) of the Property amounted to approximately HK$2.5 million per month. As such, the Directors believe that the provision of the Rental Guarantee would not have any detrimental effect to the Group.

THE LICENCE AGREEMENT

According to the S&P Agreement 3, upon Completion, Apex Honour shall procure that Perfect Manor (as licensee) (the "Licensee"), the Company (as guarantor) and the Purchaser (as licensor) (the "Licensor") to enter into the Licence Agreement, as annexed to the S&P Agreement 3, 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$108,333.33 for the first 12 months, payable in advance in one total sum of HK$1,300,000.00 upon signing of the Licence Agreement, commencing from the date of signing of the Licence Agreement (the "First Year Term") and at a monthly licence fee of HK$119,166.66 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, Perfect Manor, at its capacity as 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"). In addition, the Licensee has the right to sub-licence the signs (in whole or in part) to other parties as the Licensee may deem fit for advertising purpose subject to the conditions therein.

Pursuant to the Licence Agreement, 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(es), the Installation has not been completed, the Licensor shall have the right to require the Licensee to purchase the exterior walls from the Licensor at a total consideration of HK$15,000,000 (the "Put Option"). The Put Option is exercisable within one month in the event of (i) above and within 30 days in the event of (ii) above.

If the Licensor exercises the right to require the Licensee to purchase the exterior walls, such purchase shall be completed and the total consideration of HK$15,000,000 shall be fully paid within 30 days after the Licensor serving the Licensee a notice in writing. Furthermore, if the Licensor sells or renovates the Licensed Area or a substantial part thereof then the Licensor shall be entitled to give not less than 60 clear days' notice in writing to expire at any time to terminate the Licence Agreement and the Put Option shall forthwith lapse and of no further effect. In the event that any notice or order is served by the Government and/or the property manager on the Licensor or the Licensee for the demolition or removal of the new signage and/or sign, the Licence Agreement shall be terminated. In such case, upon termination of the Licence Agreement, if the Installation has not been completed, the Licensor shall remain entitled to exercise the Put Option within 30 days from such termination, provided that the Put Option shall lapse and of no further effect unless it is duly exercised within the aforesaid 30 days period. In addition, as soon as the signage is installed and approvals from relevant regulatory authorities having been obtained, the Upper Wall shall be delivered up to the Licensor thereupon, the Licence Agreement shall no longer apply to the Upper Wall, except for antecedent breach or default or liabilities for third parties claim, and except that the Put Option shall continue to apply to the Upper Wall. The obligations of Perfect Manor under the Licence Agreement will be guaranteed by the Company.

The monthly licence fee and the total consideration that the Licensor can require the Licensee to purchase the exterior walls as mentioned above were determined after arm's length negotiations between the parties and taking into account the Consideration.

The following table sets out the financial results derived from the operation of the Licensed Area for the two financial years ended 31 March 2006:

	Financial year ended 31 March	
	2005	**2006**
	HK$'000	*HK$'000*
Net profits before taxation and extraordinary items	1,938	(264)
Net profits after taxation and extraordinary items	1,598	(230)

For the financial year ended 31 March 2006, the Licensed Area was mainly utilised by the Group rather than leasing out to other parties to generate revenue for the Group. As such, the revenue generated for the financial year ended 31 March 2006 was lower than that of 2005 and hence, net profits before and after taxation and extraordinary items for the financial year ended 31 March 2006 was also lower than that of 2005. In addition, the net profits before and after taxation and extraordinary items for the financial year ended 31 March 2005 were higher than that for the financial year ended 31 March 2006 was also partly due to a surplus on revaluation.

As at 30 September 2006, the exterior walls had an appraised value, which was prepared by Knight Frank Petty Limited, a qualified independent valuer, and a book value of approximately HK$12.2 million.

INFORMATION ON THE PROPERTY

The Property (including the exterior walls outside of Golden Plaza) is situated at Nos. 745 to 747 Nathan Road, Mongkok, Kowloon, Hong Kong. The abovementioned shop units of the Property held by Perfect Manor are leased to tenants, primarily in the wedding and auxiliary businesses, for rental income. As at 31 December 2006, the occupancy rate of the shop units was over 95%.

The following table sets out the financial results derived from the operation of the Property for the two financial years ended 31 March 2006:

	Financial year ended 31 March	
	2005	**2006**
	HK$'000	*HK$'000*
Net profits before taxation and extraordinary items	45,447	47,640
Net profits after taxation and extraordinary items	37,702	38,888

In addition, as at 30 September 2006, the Property had an appraised value, which was prepared by Knight Frank Petty Limited, a qualified independent valuer, and a book value of approximately HK$500 million. Substantial part of the shop units of the Property as well as the Lower Wall are pledged by the Group to secure a mortgage loan in the amount of approximately HK$154.4 million (as at 31 December 2006). Such mortgage loan is repayable on a monthly basis with last payment in June 2013.

REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

The Directors (including the independent non-executive Directors) are of the view that it is a good opportunity for the Group to dispose of the Property at a premium to its book value. In addition, the Disposal will strengthen the Group's financial position and allow the Group to take on other business opportunities with new capital received from the Disposal. As such, the Directors consider the Disposal to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The terms of the Rental Guarantee Agreement and the Licence Agreement were determined after arm's length negotiations in connection with the S&P Agreements between the parties thereto and the Rental Guarantee Agreement and the Licence Agreement are considered as part and parcel of the S&P Agreements. The Directors believe that the provision of the Rental Guarantee Agreement and the Licence Agreement would not have any detrimental effect to the Group and are parts of the commercial decision arrived between the Group and the Purchaser and therefore, the Directors consider that the entering into of the S&P Agreements, the Rental Guarantee Agreement and the Licence Agreement are in the interests of the Company and the Shareholders as a whole.

The Board intends to utilise the proceeds from the Disposal (i) to fully repay the abovementioned mortgage in relation to the Property (approximately HK$154.4 million as at 31 December 2006); (ii) to fully repay the drawndown amount of a banking facility made available to the Group (approximately HK$12 million as at the date of this circular); (iii) as to up to HK$100 million for the development and expansion of the financial services business of the Group; (iv) for other investment opportunities and general working capital of the Group.

As mentioned in the annual report of the Company for the financial year ended 31 March 2006, the Directors believe that investment in its financial services business would be a long term strategic move for the Group. Leveraging on the Group's expertise and network in the PRC, the Group would further venture into the PRC consumer finance market with promising prospect. In addition, the Group is considering, among others, acquiring or incorporating two or more pawn shops in other PRC cities. As the financial services business of the Group requires a relatively high level of cash balance for its operation, the Disposal would facilitate the expansion of the financial services business of the Group.

FINANCIAL EFFECTS OF THE DISPOSAL

The Group is expected to realise a book gain of approximately HK$30 million (being the difference between the total consideration of the Disposal of approximately HK$530 million and the fair value of the Property (marked to market) of HK$500 million as at 30 September 2006 but without taking into account any expenses and taxations that may arise as a result of the Disposal) from the Disposal and upon completion of the Disposal, the Group will no longer record rental income in relation to the Property. Upon completion of the Disposal, the Group's assets will be increased by approximately HK$30 million and there will be no effect on the Group's liabilities (without taking into account any expenses and taxations that may arise as a result of the Disposal, repayment of mortgage loan in relation to the Property and the transfer of rental deposits to the Purchaser).

DEED OF UNDERTAKING

Pursuant to a deed of undertaking (the "Deed") given by Allied Luck Trading Limited and Ace Solomon Investments Limited (being parties acting in concert under The Code on Takeovers and Mergers and a closely allied group of Shareholders and which held 497,232,000 Shares and 338,888,343 Shares respectively, under Rule 14.45 of the Listing Rules were interested in approximately 50.3% of the issued share capital of the Company in aggregate as at the date of the S&P Agreements) to the Company, Allied Luck Trading Limited and Ace Solomon Investments Limited have unconditionally and irrevocably undertaken, among others, to exercise all of its voting rights in its capacity as Shareholders to vote in favour of the resolution of Shareholders approving the transactions contemplated under the S&P Agreements, the Rental Guarantee Agreement and the License Agreement in accordance with the terms and conditions under such agreements and pursuant to the Listing Rules.

INFORMATION ON THE PURCHASER

Bliss Investments Limited, a company incorporated in the Cayman Islands with limited liabilities and is principally engaged in property and investment holding. Bliss Investments Limited is indirectly wholly owned by one of the world's leading wealth management, capital markets and advisory companies.

INFORMATION ON THE COMPANY AND THE GROUP

The Group is principally engaged in property development and investment and provision of financial services in Hong Kong and the PRC. All of the Vendors are wholly-owned subsidiaries of the Company.

GENERAL

The Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and therefore is subject to approval by the Shareholders at the EGM under Rule 14.49 of the Listing Rules. The entering into of the Licence Agreement by itself will constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules but as mentioned above, the terms of the Rental Guarantee Agreement and the Licence Agreement were determined after arm's length negotiations in connection with the S&P Agreements between the parties thereto and the Rental Guarantee Agreement and the Licence Agreement are considered as part and parcel of the S&P Agreements, therefore the Directors consider the Rental Guarantee Agreement and the Licence Agreement are considered as part of the Disposal. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting for the approval of the Disposal at the EGM.

Pursuant to Rule 14.49 of the Listing Rules, no written shareholders' approval will be accepted in lieu of holding a general meeting, the EGM will be held to consider and, if thought fit, pass the necessary resolution to approve the Disposal.

As the Rental Guarantee Agreement and the Licence Agreement will only be entered into upon Completion, as such, the Company will make further announcement as soon as possible after the execution of such agreements.

EGM

The Disposal constitutes a very substantial disposal transaction on the part of the Company under Chapter 14 of the Listing Rules. Pursuant to Rule 14.49 of the Listing Rules, the Disposal is conditional on approval by the Shareholders at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, no shareholder nor the Directors have a material interest in the Disposal. No Shareholder is required to abstain from voting to approve the Disposal at the EGM.

A notice convening the EGM at JW Marriott Ballroom, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 10:00 a.m. on 17 April 2007.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Save as the Deed as disclosed, there was no (i) voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders; or (ii) obligation or entitlement whereby any Shareholders had or might have temporarily or permanently passed control over the exercise of the voting rights in respect of their Shares to a third party, either generally or on a case-by-case basis as at the Latest Practicable Date.

There is no discrepancy between the beneficial shareholding interest of any Shareholders in the Company as disclosed in this circular and the numbers of Shares in respect of which they will control or will be entitled to exercise control over the voting rights at the EGM.

PROCEDURES FOR DEMANDING A POLL

Under the articles of association of the Company, a poll can be demanded by:

(a) the Chairman (being a person entitled to vote); or

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

(c) a member or members present in person or in case of a member 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 members having the right to vote at the meeting; or

(d) a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company 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 rules of the Stock Exchange, 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 member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

RECOMMENDATION

The Directors consider that the Disposal are fair and reasonable to the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in respect of the Disposal.

FURTHER INFORMATION

Your attention is drawn to the appendices to this circular which contain certain additional information in relation to the Company.

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

(I) PROFIT AND LOSS STATEMENT OF THE PROPERTY

Operating results of rental business attributable to the Property

	Financial year ended 31 March			Six months ended 30 September
	2004	**2005**	**2006**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Rental income (net of management fees, rent and rates etc.)	21,981	21,014	25,865	13,900
Administrative expenses and finance cost *(Note)*	(16,881)	(16,073)	(18,063)	(9,647)
Operating profit for the year/period	5,100	4,941	7,802	4,253
Increase in fair value of investment properties	35,000	40,506	39,838	41,300
Profit before taxation	40,100	45,447	47,640	45,553
Taxation	(7,191)	(7,745)	(8,752)	(7,828)
Profit after taxation	32,909	37,702	38,888	37,725

Note: Administrative expenses include inter-company management fees paid to the Company in the approximate amounts of HK$8,929,000, HK$9,206,000, HK$9,714,000 and HK$4,905,000 for each of the three financial years ended 31 March 2006 and the six months ended 30 September 2006 respectively.

Profit and loss statement of the Property for the three financial years ended 31 March 2006 and six months ended 30 September 2006 set out above has been prepared by the Directors based on information shown in the underlying books and records of the Vendors.

(II) VALUATION OF THE PROPERTY

	HK$'000
As at:	
30 September 2006	500,000
31 March 2006	458,700
31 March 2005	415,000
31 March 2004	370,000

Procedures have been carried out by Deloitte Touche Tohmatsu, the reporting accountants of the Company, on the unaudited profit and loss statement of the Property and valuation of the Property as shown in the above tables in accordance with the Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants to ensure that such information has been properly compiled and derived from the underlying books and records of the Group or the valuation reports prepared by Chesterton Petty Limited and Knight Frank Petty Limited. Deloitte Touche Tohmatsu, the reporting accountants of the Company, reported that they found that such information has been properly compiled and derived from the underlying books and records of the Group or the valuation reports prepared by Chesterton Petty Limited and Knight Frank Petty Limited.

1. INDEBTEDNESS

As at the close of business on 31 January 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$277,278,000, comprising secured and unsecured bank loans of approximately HK$244,278,000 and HK$33,000,000 respectively. The secured bank borrowings were secured by:

(i) pledged deposits of approximately US$2,585,000 (equivalent to approximately HK$20,163,000) and RMB4,000,000 (equivalent to approximately HK$4,000,000) respectively;

(ii) legal charges over properties with carrying value of approximately HK$503,710,000 and an assignment of the rental income derived therefrom;

(iii) a floating charge over assets of Rongzhong Group Limited; and

(iv) a share charge of a subsidiary, Perfect Manor Limited, together with the subordination of the Company's loans to Perfect Manor Limited.

Certain bank loans are guaranteed by:

(i) corporate guarantees from the Company;

(ii) a cross guarantee between the Company and Perfect Manor Limited amounting to HK$70 million; and

(iii) a corporate guarantee from Rongzhong Investment Group Limited.

As at the close of business on 31 January 2007, the Group had an outstanding amount due to a related company of approximately HK$47,500,000 and amounts due to minority shareholders of approximately HK$20,518,000. The Group issued convertible notes of which the liability components amounted to approximately HK$95,652,000 as at 31 January 2007.

As at the close of business on 31 January 2007, the Group had the following contingent liabilities:

(i) the Company has given 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. Besides, the Group also pledged its attributable equity interests in its jointly controlled entities for such banking facilities;

(ii) the Company has given a guarantee to a bank to secure a bank loan on Perfect Manor Limited;

(iii) the Company entered into funding, allocation and distribution agreements in respect of a bank loan amounting to 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 undertakings 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, arrange a refinancing facility;

(iv) Rongzhong Investment Group Limited has given guarantees to a bank to secure bank loans of not more than RMB60 million (equivalent to approximately HK$60 million) in aggregate, in which RMB10 million (equivalent to approximately HK$10 million) and RMB13,010,000 (equivalent to approximately HK$13,010,000) were utilised by its subsidiary respectively as at 30 September 2006;

(v) Rongzhong Investment Group Limited has given guarantees to a bank to secure bank facility of not more than RMB30 million (equivalent to approximately HK$30 milllion) to its subsidiary and the full amount was drawn down by its subsidiary as at 30 September 2006; and

(vi) the Group has contingent liabilities of RMB603,177,000 (equivalent to approximately HK$603,177,000) 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 January 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.

The Directors confirm there were no material adverse changes in the Group's indebtedness position and contingent liabilities since 31 January 2007.

2. MATERIAL ADVERSE CHANGES

The Directors are not aware of any material adverse changes in the financial or trading position or prospects of the Group since 31 March 2006, being the date to which the latest audited consolidated financial statements of the Group were made up.

3. 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 completion of the Disposal, have sufficient working capital to satisfy its present requirement for the next 12 months from the date of this circular.

4. 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 2006 and the unaudited financial results of the Group for the six months ended 30 September 2006 as extracted from the audited accounts of the Group for the three years ended 31 March 2006 and the unaudited account of the Group for six months ended 30 September 2006 respectively.

There were no qualified opinion for the Group's accounts for each of the three years ended 31 March 2006.

Financial summary

Consolidated profit and loss account

	Year ended 31 March			Six months ended 30 September
	2004	**2005**	**2006**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Turnover	23,392	24,735	39,962	26,147
Profit before taxation	33,425	34,831	12,968	28,498
Taxation	(6,388)	(7,748)	(9,107)	(8,022)
Profit after taxation	27,037	27,083	3,861	20,476
Minority interests	–	–	–	–
Profit attributable to shareholders	27,037	27,083	3,861	20,476

Consolidated net assets

	As at 31 March			As at 30 September
	2004	**2005**	**2006**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Non-current assets	478,100	574,716	599,334	641,920
Current assets	41,459	54,179	154,740	183,696
Current liabilities	(40,550)	(27,752)	(134,531)	(258,441)
Non-current liabilities	(179,964)	(281,003)	(262,029)	(185,350)
Minority interests	–	–	–	–
Net assets	299,045	320,140	357,514	381,825

(B) The following is the audited financial statements of the Group for the year ended 31 March 2006 (the date to which the latest audited accounts were made up), together with the comparative figures for the year ended 31 March 2005 and the accompanying notes to the audited accounts of the Group for the year ended 31 March 2006 as extracted from tha annual report of the Company for the year ended 31 March 2006.

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 2006.

Consolidated Income Statement
For the year ended 31 March 2006
(Expressed in Hong Kong dollars)

	Note	2006 $'000	2005 $'000 (restated)
Turnover	3	39,962	24,735
Direct outgoings		(6,040)	(3,893)
		33,922	20,842
Other revenue	4	4,446	3,905
Other net income/(loss)	4	2,163	(136)
Selling and administrative expenses		(41,885)	(20,800)
Other operating expenses	5(c)	(14,299)	(2,400)
Change in fair value of investment properties	12	39,838	40,464
Profit from operations		24,185	41,875
Finance costs	5(a)	(17,705)	(2,495)
Share of profit/(loss) of associate		5,784	(1,351)
Share of profits/(losses) of jointly controlled entities		704	(3,198)
Profit before taxation	5	12,968	34,831
Income tax	6(a)	(9,107)	(7,748)
Profit for the year		3,861	27,083
Attributable to:			
Equity shareholders of the company	9, 29	3,861	27,083
Minority interests		–	–
Profit for the year		3,861	27,083
Earnings per share	10		
Basic		0.23 cents	1.63 cents
Diluted		N/A	1.36 cents

Consolidated Balance Sheet
At 31 March 2006
(Expressed in Hong Kong dollars)

	Note	2006 $'000	2005 $'000 (restated)
Non-current assets			
Fixed assets	12(a)		
– investment properties		458,700	415,108
– plant and equipment		5,592	779
		464,292	415,887
Interest in associate	14	35,538	29,280
Interest in jointly controlled entities	15	95,467	126,549
Intangible assets	16	3,000	3,000
		598,297	574,716
Current assets			
Loan to associate	14	40,260	–
Amounts due from jointly controlled entities	15	11,643	11,315
Trading securities	17	225	–
Properties held for sale	18	7,634	–
Trade and other receivables	19	29,577	9,234
Current tax recoverable	27(a)	–	311
Security deposits	20	18,848	–
Pledged deposits	22	20,261	20,005
Cash and cash equivalents	21	26,292	13,314
		154,740	54,179
Current liabilities			
Interest-bearing bank loans	22	62,074	13,412
Amount due to a related company	23	26,302	–
Amounts due to minority shareholders	24	15,740	–
Current taxation	27(a)	848	–
Other payables and accruals	25	29,261	14,340
		134,225	27,752
Net current assets		20,515	26,427
Total assets less current liabilities		618,812	601,143

	Note	2006 $'000	2005 $'000 (restated)
Non-current liabilities			
Interest-bearing bank loans	*22*	151,006	164,580
Amounts due to minority shareholders	*24*	3,194	–
Convertible notes	*26*	88,904	100,000
Redeemable convertible preference shares	*30*	1,194	6,840
Deferred taxation	*27(b)*	17,000	9,583
		261,298	281,003
Net assets		357,514	320,140
Capital and reserves			
Share capital	*29*	166,244	166,244
Reserves	*29*	191,270	153,896
Total equity attributable to equity shareholders of the company		357,514	320,140
Minority interests		–	–
Total equity		357,514	320,140

Balance Sheet
At 31 March 2006
(Expressed in Hong Kong dollars)

	Note	**2006** *$'000*	**2005** *$'000* (restated)
Non-current assets			
Plant and equipment	*12(b)*	496	768
Interest in subsidiaries	*13*	360,945	389,830
Intangible assets	*16*	3,000	3,000
		364,441	393,598
Current assets			
Loan to associate	*14*	40,260	–
Trading securities	*17*	225	–
Trade and other receivables	*19*	84	148
Pledged deposits	*22*	20,261	20,005
Cash and cash equivalents	*21*	349	9,538
		61,179	29,691
Current liabilities			
Interest-bearing bank loans	*22*	46,500	–
Amount due to a subsidiary	*13*	25,918	33,430
Other payables and accruals	*25*	4,367	4,575
		76,785	38,005
Net current liabilities		(15,606)	(8,314)
Total assets less current liabilities		348,835	385,284
Non-current liabilities			
Convertible notes	*26*	88,904	100,000
Redeemable convertible preference shares	*30*	1,194	6,840
		90,098	106,840
Net assets		258,737	278,444
Capital and reserves			
Share capital	*29*	166,244	166,244
Reserves	*29*	92,493	112,200
Total equity		258,737	278,444

Consolidated Statement of Changes in Equity
For the year ended 31 March 2006
(Expressed in Hong Kong dollars)

		2006		2005	
	Note	*$'000*	*$'000*	*$'000*	*$'000*
				(restated)	
Total equity at 1 April					
As previously reported					
– attributable to equity shareholders of the company	*29*	326,980		299,045	
Prior period adjustments arising from changes in accounting policies	*29*	(6,840)		(6,840)	
As restated, before opening balance adjustments	*29*	320,140		292,205	
Opening balance adjustments arising from changes in accounting policies	*29*	29,708		–	
At 1 April, after prior year and opening balance adjustments			349,848		292,205
Net income for the year recognised directly in equity					
Exchange difference on translation of financial statements of entities outside Hong Kong	*29*		1,696		–
Net profit for the year	*29*		3,861		27,083
Total recognised income for the year carried forward			5,557		27,083
Attributable to:					
– Shareholders of the company		5,557		27,083	
– Minority interests		–		–	
		5,557		27,083	
Movements in shareholders' equity arising from capital transactions with equity shareholders of the company:					
Equity settled share-based transactions	*29*		2,109		852
Total equity at 31 March			357,514		320,140

Consolidated Cash Flow Statement

For the year ended 31 March 2006

(Expressed in Hong Kong dollars)

	2006	2005
	$'000	*$'000*
		(restated)
Operating activities		
Profit from ordinary activities before taxation	12,968	34,831
Adjustments for:		
– Dividend income from listed securities	(86)	–
– Depreciation	1,014	187
– Finance costs	17,705	2,495
– Impairment loss on amount due from jointly controlled entity	2,888	2,400
– Net (gain)/loss on disposal of fixed assets	(5)	136
– Share of (profit)/loss of associate	(5,784)	1,351
– Share of (profits)/losses of jointly controlled entities	(704)	3,198
– Change in fair value of investment properties	(39,838)	(40,464)
– Interest income	(2,273)	(1,332)
– Write-back of long-outstanding payables	–	(1,352)
– Net realised and unrealised gains on trading securities carried at fair value	(2,158)	–
– Equity-settled share-based payment expenses	2,109	852
– Impairment loss on trade receivables	556	–
– Impairment of goodwill	11,411	–
– Effect of foreign exchange rate	310	–
Operating results before changes in working capital	(1,887)	2,302
Decrease in trade and other receivables	12,070	702
Increase in properties held for sale	(7,634)	–
Increase in security deposits	(9,147)	–
Increase/(decrease) in other payables and accruals	4,437	(7)
Cash (used in)/generated from operations	(2,161)	2,997
Tax refund received	89	293
Hong Kong Profits Tax paid	(620)	(674)
Net cash (used in)/generated from operating activities	(2,692)	2,616

		2006	2005
		$'000	*$'000*
			(restated)
Investing activities			
Interest received		594	75
Dividend received from listed securities		86	–
Dividend received from jointly controlled entity		500	–
Proceeds from disposal of fixed assets		158	441
Proceeds from disposal of other investments		–	5,850
Net cash inflow upon acquisition of subsidiaries	*32*	5,548	–
Loans to jointly controlled entities		–	(39,623)
Loan to associate		(40,000)	–
Loans to employees		(18,077)	–
Payments for acquisition of associate		–	(631)
Contribution made to Gobi Fund		–	(2,340)
Payments for purchase of fixed assets		(5,041)	(5,311)
Proceeds from disposal of trading securities		12,950	–
Payment for purchases of trading securities		(11,017)	–
Net cash used in investing activities		(54,299)	(41,539)
Financing activities			
Proceeds from convertible notes		–	70,000
Repayment of bank loans		(24,412)	(12,773)
Repayment of loan from a related company		–	(12,078)
Payment of loan interest		(10,099)	(2,495)
Amount due to a related company		26,302	–
Amount due to minority shareholders		18,934	–
Proceeds from bank loans		59,500	–
Addition of pledged deposits		(20,261)	–
Release of pledged deposits		20,005	–
Net cash generated from financing activities		69,969	42,654
Net increase in cash and cash equivalents		12,978	3,731
Cash and cash equivalents at the beginning of the year		13,314	9,583
Cash and cash equivalents at the end of the year	*21*	26,292	13,314

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). A summary of the significant accounting policies adopted by the group is set out below.

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. Information on the changes in accounting policies resulting from initial application of these new and revised HKFRSs for the current and prior accounting periods reflected in these financial statements is provided in note 2.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2006 comprise the company and its subsidiaries (together referred to as the "group") and the group's interest in associate and jointly controlled entities.

The measurement basis used in the preparation of the financial statements is the historical cost basis except as set out in the accounting policies below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates made by management in the application of HKFRSs that have significant effect on the financial statements are discussed in note 38.

(c) Subsidiaries and controlled entities

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the group, directly or indirectly, holds more than half of the issued share capital or controls more than half the voting power or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the group has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the company. Minority interests in the results of the group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity shareholders of the company.

Where losses applicable to the minority exceed the minority interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the group's interest is allocated all such profits until the minority's share of losses previously absorbed by the group has been recovered.

In the company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 1(k)).

(d) Associates and jointly controlled entities

An associate is an entity in which the group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the group and other parties, where the contractual arrangement establishes that the group or company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the group's share of the associate's or the jointly controlled entity's net assets. The consolidated income statement includes the group's share of the post-acquisition, post-tax results of the associates and jointly controlled entities for the year, including any impairment loss on goodwill relating to the investment in associates and jointly controlled entities recognised for the year (see note 1(e) and (k)).

When the group's share of losses exceeds its interest in the associate or the jointly controlled entity, the group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payment on behalf of the associate or the jointly controlled entity. For this purpose, the group's interest in the associate or the jointly controlled entity is the carrying amount of the investment under the equity method together with the group's long-term interests that in substance form part of the group's net investment in the associate or the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the group and its associate and its jointly controlled entities are eliminated to the extent of the group's interest in the associate or jointly controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the consolidated income statement.

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate or a jointly controlled entity over the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 1(k)). In respect of associates or jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or jointly controlled entity.

Any excess of the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate or a jointly controlled entity is recognised immediately in the consolidated income statement.

On disposal of a cash generating unit, an associate or a jointly controlled entity during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Other investments in equity securities

The group's and the company's policies for investments in equity securities other than investments in subsidiaries, associate and jointly controlled entities are as follows:

Investments in securities held for trading are classified as current assets and are initially stated at fair value. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in the income statement.

Investments are recognised/derecognised on the date the group or the company commits to purchase/sell the investments or they expire.

(g) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(j)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the income statement. Rental income from investment properties is accounted for as described in note 1(v)(i).

When the group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 1(j)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 1(j).

(h) Plant and equipment

Plant and equipment is stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 1(k)).

Gains or losses arising from the retirement or disposal of a plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the income statement on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Motor vehicles	5 years
– Furniture, fixtures and other fixed assets	3 to 5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(i) Intangible assets

Intangible assets that are acquired by the group are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is other than indefinite) and impairment losses (see note 1(k)). Intangible assets with indefinite useful life are stated at cost less accumulated impairment losses and are tested annually for impairment (see note 1(k)).

The useful lives of intangible assets that are considered to be indefinite are reviewed annually.

(j) Leased assets

(i) Classification of assets leased to the group

Assets that are held by the group under leases which transfer to the group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the group are classified as operating leases, except for property held under operating leases that would otherwise meet the definition of an investment property which is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 1(g)).

(ii) Operating lease charges

Where the group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

(k) Impairment of assets

(i) Impairment of receivables

Current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

– For current receivables that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the receivables and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for current receivables are reversed if in a subsequent period the amount of the impairment loss decreases.

– For financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets).

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income statement. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– plant and equipment;

– intangible assets;

– investments in subsidiaries, associate and jointly controlled entities; and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in the income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see note 1(k)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (see note 1(k)).

(m) Properties held for sale

Properties held for sale is stated at the lower of cost and net realisable value.

Cost is calculated using the specific identification cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the property to its present location and condition.

Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

When properties held for sale are sold, the carrying amount of those properties is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of properties to net realisable value and all losses of properties are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of properties is recognised as a reduction in the amount of properties recognised as an expense in the period in which the reversal occurs.

(n) Convertible notes

Convertible notes that can be converted to share capital at the option of the holder, where the number of shares issued does not vary with changes in their fair value, are accounted for as compound financial instruments. At initial recognition the liability component of the convertible notes is calculated as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in the income statement on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the note is converted or redeemed.

If the note is converted, the capital reserve, together with the carrying value of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the capital reserve is released directly to retained profits.

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

(p) Redeemable convertible preference shares

Preference shares are classified as equity if they are non-redeemable and any dividends are discretionary, or are redeemable but only at the company's option. Dividends on preference shares classified as equity are recognised as distributions within equity. Other preference shares are classified as a liability and dividends thereon are recognised on an accruals basis in the income statement as part of finance costs. Preference shares that are convertible to ordinary shares at the option of the holder, where the number of shares issued does not vary with changes in their fair value, are accounted for as described in note 1(n).

(q) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(s) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at the grant date using the binomial lattice model, taking into account the terms and conditions upon which the share options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the share options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the income statement for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On the vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the capital reserve until either the share option is exercised (when it is transferred to the share premium account) or the share option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(t) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, the company or the group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the company or the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the group or the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Revenue recognition

Provided it is probable that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the income statement as an integral part of the aggregate net lease payments receivable.

(ii) Guarantee services income

Guarantee services income and related service income are recognised in the income statement in equal instalments over the guaranteed period, except where an alternative basis is more representative of the pattern of benefits to be derived from guarantee services.

(iii) Management fee income

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

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

(v) Dividends

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rate approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1 April 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1 April 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(x) Borrowing costs

Borrowing costs are expensed in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(y) Related parties

For the purposes of these financial statements, parties are considered to be related to the group if the group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the group or of any entity that is a related party of the group.

(z) Segment reporting

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the group's internal financial reporting system, the group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs that are effective for accounting periods beginning on or after 1 January 2005.

The accounting policies of the group and/or company after the adoption of these new and revised HKFRSs have been summarised in note 1. The following sets out information on the significant changes in accounting policies for the current and prior accounting periods reflected in these financial statements.

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 39).

(a) Restatement of prior periods and opening balances

The following tables disclose the adjustments that have been made in accordance with the transitional provisions of the respective HKFRSs to each of the line items in the consolidated income statement and balance sheet and the company's balance sheet and other significant related disclosure items as previously reported for the year ended 31 March 2005. The effects of the changes in accounting policies on the balances at 1 April 2004 and 2005 are disclosed in note 29.

(i) Effect on the consolidated financial statements

Consolidated income statement for the year ended 31 March 2005

	2005 (as previously reported) *$'000*	**Effect of new policy (increase/(decrease) in profit for the year)** **HKAS 1** *(note 2(e))* *$'000*	**HKFRS 2** *(note 2(c))* *$'000*	**Sub-total** *$'000*	**2005** *$'000* (as restated)
Turnover	24,735	–	–	–	24,735
Direct outgoings	(3,893)	–	–	–	(3,893)
	20,842	–	–	–	20,842
Other revenue	3,905	–	–	–	3,905
Other net loss	(136)	–	–	–	(136)
Administrative expenses	(19,948)	–	(852)	(852)	(20,800)
Other operating expenses	(2,400)	–	–	–	(2,400)
Change in fair value of investment properties	40,464	–	–	–	40,464
Profit from operations	42,727	–	(852)	(852)	41,875
Finance costs	(2,495)	–	–	–	(2,495)
Share of loss of associate	(1,351)	–	–	–	(1,351)
Share of losses of jointly controlled entities	(4,654)	1,456	–	1,456	(3,198)
Profit before taxation	34,227	1,456	(852)	604	34,831
Income tax	(6,292)	(1,456)	–	(1,456)	(7,748)
Profit for the year	27,935	–	(852)	(852)	27,083
Attributable to:					
Equity shareholders of the company	27,935	–	(852)	(852)	27,083
Earnings per share					
Basic *(cents)*	1.68	–	(0.05)	(0.05)	1.63
Diluted *(cents)*	1.40	–	(0.04)	(0.04)	1.36
Other significant disclosure item:					
Staff costs	(9,812)	–	(852)	(852)	(10,664)

Consolidated balance sheet at 31 March 2005

	2005 (as previously reported)	Effect of new policy (increase/(decrease) in net assets)			2005
		HKFRS 2 *(note 2(c))*	HKAS 32 *(note 2(f))*	Sub-total	
	$'000	*$'000*	*$'000*	*$'000*	*$'000* (as restated)
Total assets less current liabilities	601,143	–	–	–	601,143
Non-current liabilities					
Interest-bearing bank loans	(164,580)	–	–	–	(164,580)
Convertible notes	(100,000)	–	–	–	(100,000)
Redeemable convertible preference shares	–	–	(6,840)	(6,840)	(6,840)
Deferred taxation	(9,583)	–	–	–	(9,583)
	(274,163)	–	(6,840)	(6,840)	(281,003)
NET ASSETS	326,980	–	(6,840)	(6,840)	320,140
CAPITAL AND RESERVES					
Attributable to equity shareholders of the company					
Share capital	173,084	–	(6,840)	(6,840)	166,244
Share premium	97,713	–	–	–	97,713
Capital reserve	5,000	852	–	852	5,852
Revaluation reserve	3,000	–	–	–	3,000
General reserve	6,000	–	–	–	6,000
Retained profits	42,183	(852)	–	(852)	41,331
	326,980	–	(6,840)	(6,840)	320,140

(ii) Effect on the company's balance sheet

Balance sheet at 31 March 2005

	2005 (as previously reported) *$'000*	**Effect of new policy (increase/(decrease) in net assets)** **HKFRS 2** *(note 2(c))* *$'000*	**HKAS 32** *(note 2(f))* *$'000*	**Sub-total** *$'000*	**2005** *$'000* (as restated)
Total assets less current liabilities	385,284	–	–	–	385,284
Non-current liabilities					
Convertible notes	(100,000)	–	–	–	(100,000)
Redeemable convertible preference shares	–	–	(6,840)	(6,840)	(6,840)
	(100,000)	–	(6,840)	(6,840)	(106,840)
NET ASSETS	285,284	–	(6,840)	(6,840)	278,444
CAPITAL AND RESERVES					
Share capital	173,084	–	(6,840)	(6,840)	166,244
Share premium	97,713	–	–	–	97,713
Capital reserve	–	852	–	852	852
Revaluation reserve	3,000	–	–	–	3,000
General reserve	6,000	–	–	–	6,000
Retained profits	5,487	(852)	–	(852)	4,635
	285,284	–	(6,840)	(6,840)	278,444

(b) Estimated effect of changes in accounting policies on the current period

The following tables provide estimates of the extent to which each of the line items in the consolidated income statement and balance sheet and the company's balance sheet and other significant related disclosure items for the year ended 31 March 2006 is higher or lower than it would have been had the previous policies still been applied in the year, where it is practicable to make such estimates.

(i) Effect on the consolidated financial statements

Estimated effect on the consolidated income statement for the year ended 31 March 2006

	Estimated effect of new policy (increase/(decrease) in profit for the year)			
	HKFRS 2 *(note 2(c))* *$'000*	**HKAS 1** *(note 2(e))* *$'000*	**HKAS 32 & 39** *(note 2(f))* *$'000*	**Total** *$'000*
Selling and administrative expenses	(2,109)	–	–	(2,109)
Profit from operations	(2,109)	–	–	(2,109)
Finance costs	–	–	(7,606)	(7,606)
Share of profit/(loss) of associate	–	(983)	–	(983)
Share of profits/(losses) of jointly controlled entities	–	(1,213)	–	(1,213)
Profit before taxation	(2,109)	(2,196)	(7,606)	(11,911)
Income tax	–	2,196	–	2,196
Profit for the year	(2,109)	–	(7,606)	(9,715)
Attributable to:				
Equity shareholders of the company	(2,109)	–	(7,606)	(9,715)
Minority interests	–	–	–	–
Profit for the year	(2,109)	–	(7,606)	(9,715)
Earnings per share				
Basic *(cents)*	(0.13)	–	(0.46)	(0.59)
Diluted *(cents)*	–	–	–	–
Other significant disclosure item:				
Staff costs	(2,109)	–	–	(2,109)

Estimated effect on the consolidated balance sheet at 31 March 2006

	Estimated effect of new policy (increase/(decrease) in net assets)			
	HKFRS 2 *(note 2(c))* *$'000*	**HKFRS 3** *(note 2(d))* *$'000*	**HKAS 32 & 39** *(note 2(f))* *$'000*	**Total** *$'000*
Non-current assets				
Interest in associate	–	474	–	474
Interest in jointly controlled entities	–	4,886	–	4,886
	–	5,360	–	5,360
Non-current liabilities				
Convertible notes	–	–	11,096	11,096
Redeemable convertible preference shares	–	–	(1,194)	(1,194)
	–	–	9,902	9,902
NET ASSETS	–	5,360	9,902	15,262
Effect attributable to equity shareholders of the company				
Share capital	–	–	(6,840)	(6,840)
Capital reserve	2,961	(5,000)	22,297	20,258
Retained profits	(2,961)	10,360	(5,555)	1,844
	–	5,360	9,902	15,262
Effect attributable to minority interests	–	–	–	–
	–	5,360	9,902	15,262

Estimated effect on amounts recognised as capital transactions with owners of the group for the year ended 31 March 2006

	Effect of new policy (increase/(decrease))
	HKFRS 2
	(note 2(c))
	$'000
Attributable to equity shareholders of the company	(2,109)
Minority interests	–
Total equity	(2,109)

(ii) Effect on the company's balance sheet

Estimated effect on the balance sheet at 31 March 2006

	Estimated effect of new policy (increase/(decrease) in net assets)		
	HKFRS 2	**HKAS 32 & 39**	
	(note 2(c))	*(note 2(f))*	**Total**
	$'000	*$'000*	*$'000*
Non-current liabilities			
Convertible notes	–	11,096	11,096
Redeemable convertible preference shares	–	(1,194)	(1,194)
NET ASSETS	–	9,902	9,902
CAPITAL AND RESERVES			
Share capital	–	(6,840)	(6,840)
Capital reserve	2,961	22,297	25,258
Revaluation reserve	–	–	–
Retained profits	(2,961)	(5,555)	(8,516)
	–	9,902	9,902

Estimated effect on amounts recognised as capital transactions with owners of the company for the year ended 31 March 2006

	Effect of new policy (increase/(decrease))
	HKFRS 2
	(note 2(c))
	$'000
Attributable to equity shareholders of the company	(2,109)

(c) Employee share option scheme (HKFRS 2, Share-based payment)

In prior years, no amounts were recognised when employees (which term includes directors) were granted options over ordinary shares of the company. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

With effect from 1 April 2005, in order to comply with HKFRS 2, the group has adopted a new policy for employee share options. Under the new policy, the group recognises the fair value of such options as an expense with a corresponding increase recognised in a capital reserve within equity. Further details of the new policy are set out in note 1(s)(ii).

The new accounting policy has been applied retrospectively with comparatives restated, except that the group has taken advantage of the transitional provisions set out in HKFRS 2, under which the new recognition and measurement policies have not been applied to the following grants of options:

(a) all options granted to employees on or before 7 November 2002; and

(b) all options granted to employees after 7 November 2002 but which had vested before 1 January 2005.

The adjustments for each financial statement line affected for the years ended 31 March 2005 and 2006 are set out in notes 2(a) and (b). No adjustments to the opening balances as at 1 April 2004 are required as no options existed at that date.

Details of the employee share option scheme are set out in note 28.

(d) Amortisation of positive and negative goodwill (HKFRS 3, Business combinations and HKAS 36, Impairment of assets)

Amortisation of goodwill

In prior years:

– positive or negative goodwill which arose prior to 1 January 2001 was taken directly to reserves at the time it arose, and was not recognised in the income statement until disposal or impairment of the acquired business;

– positive goodwill which arose on or after 1 January 2001 was amortised on a straight line basis over its useful life and was subject to impairment testing when there were indications of impairment; and

– negative goodwill which arose on or after 1 January 2001 was amortised over the weighted average useful life of the depreciable/amortisable non-monetary assets acquired, except to the extent it related to identified expected future losses as at the date of acquisition. In such cases it was recognised in the income statement as those expected losses were incurred.

With effect from 1 April 2005, in order to comply with HKFRS 3 and HKAS 36, the group has changed its accounting policies relating to goodwill. Under the new policy, the group no longer amortises positive goodwill but tests it at least annually for impairment. Also with effect from 1 April 2005 and in accordance with HKFRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognised immediately in the income statement as it arises. Further details of these new policies are set out in note 1(e).

The new policy in respect of the amortisation of positive goodwill had no effect on the financial statements as there was no positive goodwill subject to amortisation as at 31 March 2005.

The new policy in respect of negative goodwill has been adopted prospectively in accordance with the transitional arrangements under HKFRS 3. The adjustments for each consolidated financial statement line affected for the year ended 31 March 2006 are set out in note 2(b).

(e) Changes in presentation (HKAS 1, Presentation of financial statements)

(i) Presentation of shares of associate's and jointly controlled entities' taxation (HKAS 1, Presentation of financial statements)

In prior years, the group's share of taxation of associate and jointly controlled entities accounted for using the equity method was included as part of the group's income tax in the consolidated income statement. With effect from 1 April 2005, in accordance with the implementation guidance in HKAS 1, the group has changed the presentation and includes the share of taxation of associate and jointly controlled entities accounted for using the equity method in the respective shares of profit or loss reported in the consolidated income statement before arriving at the group's profit or loss before tax. These changes in presentation have been applied retrospectively with comparatives restated as shown in note 2(a).

(ii) Minority interests (HKAS 1, Presentation of financial statements and HKAS 27, Consolidated and separate financial statements)

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as a deduction from net assets. Minority interests in the results of the group for the year were also separately presented in the income statement as a deduction before arriving at the profit attributable to shareholders (the equity shareholders of the company).

With effect from 1 April 2005, in order to comply with HKAS 1 and HKAS 27, the group has changed its accounting policy relating to presentation of minority interests. Under the new policy, minority interests are presented as part of equity, separately from interests attributable to the equity shareholders of the company. Further details of the new policy are set out in note 1(c).

No restatement of comparative figures are necessary since there were no minority interests in the prior year.

(f) Financial instruments (HKAS 32, Financial instruments: Disclosure and presentation and HKAS 39, Financial instruments: Recognition and measurement)

With effect from 1 April 2005, in order to comply with HKAS 32 and HKAS 39, the group has changed its accounting policies relating to financial instruments to those as set out in notes 1(f), (k), (l) and (n) to (q). Further details of the changes are as follows:

(i) Investments in equity securities

In prior years, trading securities were stated at fair value with changes in fair value recognised in the income statement.

With effect from 1 April 2005, and in accordance with HKAS 39, all trading securities are classified as financial assets at fair value through the income statement and carried at fair value. Changes in fair value are recognised in the income statement. This new accounting policy has no impact on the financial statements for the year and the comparative information.

(ii) Convertible notes

In prior years, convertible notes issued were stated at amortised cost (including transaction costs).

With effect from 1 April 2005, and in accordance with HKAS 32 and HKAS 39, convertible notes issued are split into their liability and equity components at initial recognition. The liability component is subsequently carried at amortised cost. The equity component is recognised in the capital reserve until the note is either converted (in which case it is transferred to share premium) or the note is redeemed (in which case it is released directly to retained profits). Further details of the new policies are set out in note 1(n).

The changes in accounting policy were adopted by way of an adjustment to opening balances as at 1 April 2005 and the adjustments for each financial statement line affected for the year ended 31 March 2006 are set out in note 2(b). Comparative amounts have not been restated as this is prohibited by the transitional arrangements in HKAS 39.

(iii) Redeemable convertible preference shares

In prior years, redeemable convertible preference shares were classified as equity based on their legal form. Dividends paid to the preference shares were presented as a distribution to shareholders.

With effect from 1 April 2005, and in accordance with HKAS 32, the classification of redeemable convertible preference shares is based on the substance of the contractual arrangement. Consequently, the shares have been classified as liabilities and dividends on the shares are recognised as an expense in the income statement. Further details of the new policy are set out in note 1(p).

The change in accounting policy has been adopted retrospectively the effects of which are set out in note 2(a).

Also, with effect from 1 April 2005, and in accordance with HKAS 39, redeemable convertible preference shares are split into their liability and equity components at initial recognition which is similar to convertible notes as explained in note 2(f)(ii). This change has been adopted by way of an adjustment to opening balances as at 1 April 2005 and the adjustments for each financial statement line affected for the year ended 31 March 2006 are set out in note 2(b). Comparative amounts have not been restated as this is prohibited by the transitional arrangements in HKAS 39.

(g) Retranslation of goodwill on consolidation of a foreign operation (HKAS 21, The effects of changes in foreign exchange rates)

In prior years, goodwill arising on the acquisition of a foreign operation was translated at the exchange rates ruling at the transaction dates.

With effect from 1 April 2005, in order to comply with HKAS 21, the group has changed its accounting policy relating to retranslation of goodwill. Under the new policy, any goodwill arising on the acquisition of a foreign operation is treated as an asset of the foreign operation and is retranslated at exchange rates ruling at the balance sheet date, together with the retranslation of the net assets of the foreign operation. Further details of the new policy are set out in note 1(w).

In accordance with the transitional provisions in HKAS 21, this new policy has not been adopted retrospectively and is only applied to acquisitions occurring on or after 1 January 2005. As the goodwill arising on the acquisition of the new foreign operations during the year was fully impaired as at 31 March 2006, the change in policy has had no impact on the financial statements for the year ended 31 March 2006.

(h) Definition of related parties (HKAS 24, Related party disclosures)

As a result of the adoption of HKAS 24, Related party disclosures, the definition of related parties as disclosed in note 1(y) has been expanded to clarify that related parties include entities that are under the significant influence of a related party that is an individual (i.e. key management personnel, significant shareholders and/or their close family members) and post-employment benefit plans which are for the benefit of employees of the group or of any entity that is a related party of the group. The clarification of the definition of related parties has not resulted in any material changes to the previously reported disclosures of related party transactions nor has it had any material effect on the disclosures made in the current period, as compared to those that would have been reported had SSAP 20, "Related party disclosures", still been in effect.

(i) Club debentures (HKAS 38, Intangible assets)

In prior years, club debentures were stated at fair value with changes in fair value recognised in equity.

With effect from 1 April 2005, the group has adopted a new policy for club debentures. Under the new policy, club debentures are stated at carrying amount less accumulated impairment losses and are tested annually for impairment. Further details of the new policy are set out in notes 1(i).

This change in accounting policy has no impact on the financial statements for the years presented.

3 TURNOVER

The principal activities of the group are property development and investment and provision of financial services in Hong Kong and the People's Republic of China other than Hong Kong (the "PRC").

Turnover represents the gross rental income derived from the investment properties situated in Hong Kong and the guarantee service income from provision of financial services in the PRC.

The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2006	**2005**
	$'000	*$'000*
Gross rental income	31,871	24,735
Guarantee service income	8,091	–
	39,962	24,735

4 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	2006	**2005**
	$'000	*$'000*
Other revenue		
Dividend income from listed securities	86	–
Write-back of long-outstanding payables	–	1,352
Interest income	2,273	1,332
Management fee income	620	527
Rentals receivable from intangible assets	143	200
Loan arrangement fee income from a jointly controlled entity	879	–
Others	445	494
	4,446	3,905
Other net income/(loss)		
Net gain/(loss) on disposals of fixed assets	5	(136)
Net realised and unrealised gains on trading securities	2,158	–
	2,163	(136)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2006	**2005**
	$'000	*$'000*
		(restated)
(a) Finance costs:		
Interest on bank loans and other borrowings wholly repayable within five years	2,939	107
Interest on bank loans repayable beyond five years	7,160	2,388
Interest on convertible notes	7,451	–
Interest on redeemable convertible preference shares	155	–
	17,705	2,495

		2006	2005
		$'000	*$'000*
			(restated)
(b)	Staff costs (including directors' remuneration (note 7)):		
	Salaries, wages and other benefits	22,074	9,639
	Contributions to defined contribution retirement plan	1,033	173
	Equity-settled share-based payment expenses	2,109	852
		25,216	10,664
(c)	Other operating expenses:		
	Impairment loss on amount due from jointly controlled entity	2,888	2,400
	Impairment of goodwill	11,411	–
		14,299	2,400
(d)	Other items:		
	Auditors' remuneration	1,391	789
	Depreciation	1,014	187
	Impairment loss on trade receivables	556	–
	Operating lease charges for property rentals	3,803	–
	Net foreign exchange loss	328	–
	Share of associate's taxation	983	–
	Share of jointly controlled entities' taxation	1,213	(1,456)
	Repairs and maintenance expenses of investment properties	667	3,888
	Rentals receivable from investment properties less direct outgoings of $6,040,000 (2005: $3,893,000)#	(25,831)	(20,842)

\# Direct outgoings include approximately $181,000 (2005: $976,000) incurred in relation to vacant units which did not generate any rental income during the year.

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2006	2005
	$'000	*$'000*
		(restated)
Current tax – Hong Kong Profits Tax		
Provision for the year	1,176	363
Under/(over)-provision in respect of prior years	257	(226)
	1,433	137
Current tax – PRC Income Tax		
Provision for the year	257	–
	1,690	137
Deferred tax		
Origination and reversal of temporary differences	7,417	7,611
	9,107	7,748

The provision for Hong Kong Profits Tax for the year ended 31 March 2006 is calculated at 17.5% (2005: 17.5%) of the estimated assessable profits for the year. Taxation for subsidiaries in the PRC is charged at the appropriate current rates of taxation ruling in the PRC.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2006	**2005**
	$'000	*$'000*
		(restated)
Profit before taxation	12,968	34,831
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	711	6,095
Tax effect of non-deductible expenses	6,397	1,493
Tax effect of non-taxable income	(1,063)	(16)
Tax effect of unused tax losses not recognised	2,805	402
Under/(over)-provision in prior years	257	(226)
Actual tax expense	9,107	7,748

7 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance and the Listing Rules is as follows:

	Directors' fee	**Salaries, allowances and benefits in kind**	**Retirement scheme contributions**	**Discretionary bonus**	**Share-based payments**	**Total**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
2006						
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 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

	Directors' fee	Salaries, allowances and benefits in kind	Retirement scheme contributions	Discretionary bonus	Share-based payments	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
2005 (restated)						
Executive directors						
Mr Wong Yu Lung, Charles	–	1,440	12	–	109	1,561
Mr Kee Wah Sze	–	720	12	–	109	841
Mr Ko Po Ming	15	45	2	–	109	171
Mr Lan Ning	–	600	12	–	109	721
Ms Loh Jiah Yee, Katherine	15	1,080	9	–	109	1,213
Independent non-executive directors						
Mr Ip Yin Wah	31	–	–	–	–	31
Mr Ma Ho Fai JP	120	–	–	–	–	120
Mr Melvin Jitsumi Shiraki	31	–	–	–	–	31
Mr Zhang Xiao Shu	210	–	–	–	–	210
Total	422	3,885	47	–	545	4,899

There were no amounts paid during 2006 (2005: $Nil) to the directors in connection with their retirement from employment with the group, or as an inducement to join the group. There was no arrangement under which a director waived or agreed to waive any remuneration in 2006 (2005: $Nil).

The above emoluments include the value of share options granted to certain directors under the company's share option scheme as estimated at the date of grant. Details of these benefits in kind are disclosed under the paragraph "Share option scheme" in the directors' report and note 28.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2005: three) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the remaining individual (2005: two) is as follows:

	2006	**2005**
	$'000	*$'000* (restated)
Salaries and other emoluments	845	1,784
Share-based payments	–	133
Retirement scheme contributions	6	24
	851	1,941

The emoluments of the remaining individual (2005: two) with the highest emolument is within the following bands:

	Number of individuals	
	2006	**2005**
$Nil – $1,000,000	1	1
$1,000,001 – $1,500,000	–	1
	1	2

9 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the company included a loss of $46,164,000 (2005 (restated): $6,499,000) which has been dealt with in the financial statements of the company.

The board of the directors of the company does not recommend the payment of a dividend in respect of the year (2005: $Nil).

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the company of $3,861,000 (2005 (restated): $27,083,000), and 1,662,440,000 (2005: 1,662,440,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

The diluted earnings per share for the year ended 31 March 2006 are not presented as there was no dilutive potential ordinary share at the year end.

The calculation of diluted earnings per share for the year ended 31 March 2005 is based on the restated profit attributable to ordinary equity shareholders of the company of $27,083,000 and the weighted average number of ordinary shares of 1,994,695,000, calculated as follows:

Weighed average number of ordinary shares *(diluted)*

	2005
	'000
Weighted average number of ordinary shares at 31 March	1,662,440
Effect of conversion of convertible notes *(note 26)*	326,473
Effect of conversion of redeemable convertible preference shares *(note 30)*	5,782
Weighted average number of ordinary shares (diluted) at 31 March	1,994,695

11 SEGMENT REPORTING

Segment information is presented in respect of the group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the group's internal financial reporting.

Business segments

The group comprises the following main business segments:

Property leasing and development: the leasing of shops/premises to generate rental income and gain from the appreciation in the properties values in the long term.

Financial services: the provision of loan guarantee services and other financial services.

	Property leasing and development		Financial services		Consolidated	
	2006	2005	2006	2005	2006	2005
		(restated)				(restated)
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Revenue from external customers	31,871	24,735	8,091	–	39,962	24,735
Other revenue from external customers	254	460	–	–	254	460
Change in fair value of investment properties	39,838	40,464	–	–	39,838	40,464
	71,963	65,659	8,091	–	80,054	65,659
Segment result	64,547	57,518	(30,171)	–	34,376	57,518
Unallocated operating income and expenses					(10,191)	(15,643)
Profit from operations					24,185	41,875
Finance costs					(17,705)	(2,495)
Share of profits/(losses) of associate and jointly controlled entities	704	(3,198)	5,784	(1,351)	6,488	(4,549)
Income tax					(9,107)	(7,748)
Profit for the year					3,861	27,083
Depreciation and amortisation for the year	(304)	(187)	(710)	–		
Impairment of						
– amounts due from jointly controlled entity	–	–	(2,888)	(2,400)		
– positive goodwill	–	–	(11,411)	–		
– trade receivables	(159)	–	(397)	–		
Segment assets	468,639	419,510	76,350	–	544,989	419,510
Interests in associate and jointly controlled entities	95,467	126,549	35,538	29,280	131,005	155,829
Unallocated assets					77,043	53,556
Total assets					753,037	628,895
Segment liabilities	(174,646)	(187,758)	(62,913)	–	(237,559)	(187,758)
Unallocated liabilities					(157,964)	(120,997)
Total liabilities					(395,523)	(308,755)
Capital expenditure incurred during the year	3,897	5,311	1,144	–		

Geographical segments

The group operates, through its subsidiaries, associate 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 expenditure are based on the geographical location of assets.

	Hong Kong		PRC	
	2006	**2005**	**2006**	**2005**
	$'000	*$'000*	*$'000*	*$'000*
Revenue from external customers	31,871	24,735	8,091	–
Segment assets	486,138	452,969	83,984	–
Capital expenditure incurred during the year	3,897	5,311	1,144	–

12 FIXED ASSETS

(a) The group

	Plant and equipment	**Investment properties**	**Total**
	$'000	*$'000*	*$'000*
Cost or valuation:			
At 1 April 2004	561	370,450	371,011
Additions	817	4,494	5,311
Disposals	(410)	(300)	(710)
Fair value adjustment	–	40,464	40,464
At 31 March 2005	968	415,108	416,076
Representing:			
Cost	968	–	968
Valuation – 2005	–	415,108	415,108
	968	415,108	416,076
Accumulated depreciation:			
At 1 April 2004	135	–	135
Charge for the year	187	–	187
Written back on disposals	(133)	–	(133)
At 31 March 2005	189	–	189
Net book value:			
At 31 March 2005	779	415,108	415,887

	Plant and equipment *$'000*	Investment properties *$'000*	Total *$'000*
Cost or valuation:			
At 1 April 2005	968	415,108	416,076
Exchange adjustments	59	–	59
Additions	1,179	3,862	5,041
Acquisition of subsidiaries	5,338	–	5,338
Disposals	(52)	(108)	(160)
Fair value adjustment	–	39,838	39,838
At 31 March 2006	7,492	458,700	466,192
Representing:			
Cost	7,492	–	7,492
Valuation – 2006	–	458,700	458,700
	7,492	458,700	466,192
Accumulated depreciation:			
At 1 April 2005	189	–	189
Exchange adjustments	7	–	7
Charge for the year	1,014	–	1,014
Acquisition of subsidiaries	697	–	697
Written back on disposals	(7)	–	(7)
At 31 March 2006	1,900	–	1,900
Net book value:			
At 31 March 2006	5,592	458,700	464,292

(b) The company

	Plant and equipment **2006** *$'000*	 **2005** *$'000*
Cost:		
At 1 April	946	543
Additions	24	813
Disposals	–	(410)
At 31 March	970	946
Accumulated depreciation:		
At 1 April	178	131
Charge for the year	296	180
Written back on disposals	–	(133)
At 31 March	474	178
Net book value:		
At 31 March	496	768

(c) The analysis of net book value of properties is as follows:

The investment properties are situated in Hong Kong and are held under the following lease terms:

	The group	
	2006	**2005**
	$'000	*$'000*
Long leases	458,700	415,000
Medium-term leases	–	108
	458,700	415,108

(d) Investment properties in Hong Kong were valued at $458,700,000 by independent professional qualified valuers, Knight Frank Petty Limited ("Knight Frank") who have among their Members of the Hong Kong Institute of Surveyors and the valuations have been incorporated in the financial statements as at 31 March 2006. Knight Frank has recent experience in the locations and categories of properties being valued. The valuations were 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. As a result of the revaluation, a net gain of $39,838,000 (2005: $40,464,000), and deferred tax thereon of $6,972,000 (2005: $7,081,000), have been included in the consolidated income statement.

(e) Certain of the above investment properties with an aggregate carrying value of $454,900,000 (2005: $415,000,000) have been pledged to a bank as security for certain bank loans and facilities granted to the group (note 22).

(f) 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 period rental payment. Upon expiry the lease may be renewed but all terms are renegotiated. None of the leases includes contingent rentals.

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment properties.

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

	The group	
	2006	**2005**
	$'000	*$'000*
Within one year	32,380	22,496
After one year but within five years	16,989	6,262
	49,369	28,758

13 INTEREST IN SUBSIDIARIES

	The company 2006 $'000	2005 $'000
Unlisted shares, at cost	197,075	197,075
Amounts due from subsidiaries	210,152	201,830
	407,227	398,905
Less: impairment loss	(46,282)	(9,075)
	360,945	389,830

The company has an amount due to a subsidiary of $25,918,000 as at 31 March 2006 (2005: $33,430,000), which is unsecured, interest-free and has no fixed terms of repayment.

Additional impairment losses of $37,207,000 were mainly made for the amount due from Perfect Honour Limited and its subsidiaries. Other details of impairment losses are disclosed in note 32.

All of these are controlled subsidiaries as defined under note 1(c) and have been consolidated into the group's consolidated financial statements.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital	Proportion of ownership interest: group's effective interest	held by the company	held by a subsidiary	Principal activities
Apex Honour Limited	British Virgin Islands/Hong Kong	US$1	100%	–	100%	Property investment
Dragon Express Investments Limited	British Virgin Islands/Hong Kong	US$1	100%	100%	–	Investment holding
Flourish Global Limited	British Virgin Islands/Hong Kong	US$1	100%	100%	–	Investment holding
Genuine Glory Investments Limited	Hong Kong	$2	100%	100%	–	Property investment
Master Profit Limited	British Virgin Islands/Hong Kong	US$1	100%	100%	–	Investment holding
Metro Fair Investments Limited	Hong Kong	$2	100%	–	100%	Property holding
On Speed Management Limited	Hong Kong	$2	100%	100%	–	Property management

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital	Proportion of ownership interest group's effective interest	held by the company	held by a subsidiary	Principal activities
Perfect Honour Limited	British Virgin Islands/Hong Kong	US$1	100%	100%	–	Investment holding
Perfect Manor Limited ("Perfect Manor")	Hong Kong	$2	100%	–	100%	Property investment
Sino Dynasty Investments Limited	British Virgin Islands/Hong Kong	US$1	100%	100%	–	Investment holding
Rongzhong Group Limited	British Virgin Islands/Hong Kong	US$100	51%	–	51%	Investment holding
Rongzhong Enterprise Management (Shenzhen) Co. Ltd (融眾企業管理(深圳)有限公司)*	The PRC	$96,660,000	51%	–	100%	Management consulting
Rongzhong Investment Group Ltd. (融眾投資集團有限公司) #	The PRC	RMB120,000,000	51%	–	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%	–	100%	Provision of loan guarantee service
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%	–	100%	Provision of loan guarantee service
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%	–	100%	Provision of loan guarantee service
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%	–	100%	Provision of loan guarantee service
Hunan Rongzhong Credit Guarantee Co. Ltd. (湖南融眾信用擔保有限公司) #	The PRC	RMB10,000,000	51%	–	100%	Provision of loan guarantee service

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital	Proportion of ownership interest: group's effective interest	held by the company	held by a subsidiary	Principal activities
Jiangsu Rongzhong Credit Guarantee Co. Ltd. (江蘇融眾信用擔保有限公司)#	The PRC	RMB10,000,000	51%	–	100%	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%	–	100%	Provision of loan guarantee service
Wuhan Rongzhong Pawn Shop Co. Ltd. (武漢融眾典當有限公司)#	The PRC	RMB10,000,000	51%	–	100%	Secured lending financing

* a wholly foreign-owned enterprise established in the PRC

\# a limited liability company established in the PRC

Ordinary shares of Perfect Manor with a carrying amount of $2 have been pledged to a bank for certain bank loans (note 22).

14 INTEREST IN ASSOCIATE

	The group 2006 $'000	The group 2005 $'000	The company 2006 $'000	The company 2005 $'000
Share of net assets	35,538	29,754	–	–
Negative goodwill	–	(474)	–	–
	35,538	29,280	–	–
Loan to associate	40,260	–	40,260	–
	75,798	29,280	40,260	–

The group and company have granted an unsecured revolving facility of up to $40,000,000 to GCHL for a term of three years commencing 6 March 2006. The revolving facility is interest bearing at Prime Rate plus 3% per annum. The revolving facility was fully utilised by GCHL as at 31 March 2006.

Particulars of the associate are as below:

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: group's effective interest	held by a subsidiary	Principal activity
Goldbond Capital Holdings Limited ("GCHL")*	Incorporated	Hong Kong	$150,000,000	20%	20%	Investment holdings

* The associate has a financial year ending 31 December.

Summary financial information on associate

The summary financial information of GCHL and its subsidiaries as extracted from its financial statements with a year end date of 31 December, after adjustments made to realign and to be co-terminous with the group's year end date of 31 March, is set out below:

	Assets	**Liabilities**	**Equity**	**Revenues**	**Profit/(loss)**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
2006					
100 per cent	455,858	(277,902)	(177,956)	103,369	28,917
Group's effective interest	91,172	(55,581)	(35,591)	20,674	5,784
2005					
100 per cent	229,913	(81,144)	(148,769)	9,084	(6,755)
Group's effective interest	45,983	(16,229)	(29,754)	1,817	(1,351)

15 INTEREST IN JOINTLY CONTROLLED ENTITIES

	The group	
	2006	**2005**
	$'000	*$'000*
Share of net assets	60,799	54,658
Goodwill	34,668	34,668
Amounts due from jointly controlled entities	11,643	50,938
	107,110	140,264
Less: Provision for amount due from jointly controlled entity	–	(2,400)
	107,110	137,864
Portion classified as current assets	(11,643)	(11,315)
	95,467	126,549

The following list contains only the particulars of jointly controlled entities, which principally affected the results or assets of the group:

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: group's effective interest**	**Proportion of ownership interest: held by a subsidiary**	**Principal activities**
Ace Intelligent Consultants Limited	Incorporated	British Virgin Islands/ Hong Kong	US$100	25%	25%	Provision of consultancy services
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%	25%	Investment holdings

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

During the year, the group completed its acquisition of Rongzhong Group Limited, previously a jointly controlled entity, by increasing the equity interest from 40% to 51%. Details of the acquisition are set out in note 32.

(a) Goodwill on acquisition of jointly controlled entity

Goodwill on acquisition of jointly controlled entity is allocated to the group's share of net assets in the Nanjing City Plaza.

The recoverable amount of the cash generating unit ("CGU") is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of two years. Cash flows beyond the two years period are extrapolated using the estimated rates stated below. The growth rate does not exceed the respective long-term average growth rate for the businesses in which the CGU operates.

Key assumptions used for value-in-use calculations:

	%
Growth rate	3.0
Discount rate	6.0

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

The recoverable amount of the CGU is higher than their carrying amount based on value-in-use calculations. Accordingly, no impairment loss on goodwill is recognised in the consolidated income statement.

(b) The summary financial information of the major jointly controlled entity, Nanjing City Plaza and its subsidiaries, as extracted from its financial statements with a year end date of 31 December, after adjustments made to realign and to be co-terminous with the group's year end date of 31 March, is set out below:

	2006	**2005**
	$'000	*$'000*
Assets and liabilities		
Non-current assets	310,996	283,525
Current assets	1,461,429	1,129,994
Non-current liabilities	(738,894)	(459,563)
Current liabilities	(542,233)	(485,042)
Minority interests	(249,030)	(250,306)
	242,268	218,608
Income	–	–
Expenses	(88)	(12,820)
Loss for the year	(88)	(12,820)

Included in current liabilities and non-current liabilities are bank loans totalling RMB888,382,000 (2005: RMB540,148,000) which are secured by the following items:

(i) Certain cash and bank balances of Nanjing City Plaza and its subsidiaries amounting to RMB253,258,000 (2005: RMB231,100,000) were pledged to banks as security for bank loans totalling RMB250,000,000 (2005: RMB220,000,000).

(ii) Certain bank loans with an aggregate amount of RMB120,405,000 (2005: RMB139,148,000) 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 (2005: RMB124,148,000).

(iii) Certain parts of properties under development with an aggregate carrying value of RMB1,213,850,000 (2005: RMB959,554,000) were used to secure bank loans and other borrowing with an aggregate amount of RMB517,977,000 (2005: RMB181,000,000).

As at 31 March 2006, Nanjing City Plaza and its subsidiaries had capital commitments for construction of properties under development amounting to RMB478,090,000 (equivalent to approximately $459,702,000) (2005: RMB602,856,000 and equivalent to approximately $568,732,000). The group's share of the capital commitments amounted to RMB119,323,000 (equivalent to approximately $114,926,000) (2005: RMB150,714,000 and equivalent to approximately $142,183,000).

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 $10,000,000 to Nanjing City Plaza at an interest rate of 2% per annum above the Prime Rate. The amount is unsecured and repayable on demand. At the balance sheet date, the outstanding loan and interest receivable from Nanjing City Plaza amounted to $10,000,000 (2005: $10,000,000) and approximately $1,643,000 (2005: $764,000) respectively.

16 INTANGIBLE ASSETS

	The group and the company	
	2006	**2005**
	$'000	*$'000*
Club debentures	3,000	3,000

The useful life of the above club debentures is indefinite as there is no fixed maturity date for such club debentures.

Certain club debentures are leased out under operating leases. The leases typically run for one year at which time all terms are renegotiated. The total future minimum lease payments under non-cancellable operating leases are receivables within one year of $101,000 (2005: $110,000).

17 TRADING SECURITIES

	The group and the company	
	2006	**2005**
	$'000	*$'000*
Trading securities (at market value)		
Equity securities listed in Hong Kong	225	–

18 PROPERTIES HELD FOR SALE

	The group	
	2006	**2005**
	$'000	*$'000*
Properties held for sale, at cost	7,634	–

The properties held for sale at 31 March 2006 comprised 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.

19 TRADE AND OTHER RECEIVABLES

	The group		The company	
	2006	**2005**	**2006**	**2005**
	$'000	*$'000*	*$'000*	*$'000*
Accounts receivable	4,613	290	–	–
Loans to customers	1,021	–	–	–
Prepayments, deposits and other receivables	23,943	8,944	84	148
	29,577	9,234	84	148

Included in the prepayments, deposits and other receivables are amounts totalling RMB18,800,000 (equivalent to approximately $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.

All of the trade and other receivables are expected to be recoverable within one year.

Included in trade and other receivables are accounts receivable (net of impairment losses for doubtful debts) with the following ageing analysis as of the balance sheet date:

	The group	
	2006	**2005**
	$'000	*$'000*
Current	3,603	221
1 to 3 months overdue	721	69
More than 3 months overdue	289	–
	4,613	290

The group's credit policy is set out note 31(a).

20 SECURITY DEPOSITS

At 31 March 2006, 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.

21 CASH AND CASH EQUIVALENTS

	The group		The company	
	2006	**2005**	**2006**	**2005**
	$'000	*$'000*	*$'000*	*$'000*
Cash at bank and in hand	26,292	7,306	349	3,530
Bank deposits	–	6,008	–	6,008
Cash and cash equivalents in the consolidated cash flow statement	26,292	13,314	349	9,538

Cash and cash equivalents are denominated in the functional currency of the entity to which they relate.

22 INTEREST-BEARING BANK LOANS

At 31 March 2006, all the bank loans were secured and were repayable as follows:

	The group		The company	
	2006	**2005**	**2006**	**2005**
	$'000	*$'000*	*$'000*	*$'000*
Within 1 year	62,074	13,412	46,500	–
After 1 year but within 2 years	13,574	13,574	–	–
After 2 years but within 5 years	40,722	40,722	–	–
After 5 years	96,710	110,284	–	–
	151,006	164,580	–	–
	213,080	177,992	46,500	–

As at 31 March 2006, a subsidiary borrowed bank loans which are secured by the following:

- certain investment properties of the group with an aggregate carrying value of $454,900,000 (2005: $415,000,000) (note 12(e));
- an assignment of the rental income derived therefrom;
- a charge over the shares of Perfect Manor (note 13), together with the subordination of the company's loans to Perfect Manor; and
- a corporate guarantee of $200,000,000 issued by the company (note 36).

As at 31 March 2006, the group had banking facilities of $116,000,000 (2005: $66,000,000) granted by several banks in Hong Kong, which are secured by the following:

- pledged deposits totalling US$2,597,000 (2005: US$2,563,000), equivalent to approximately $20,261,000 (2005: $20,005,000);
- certain investment properties of the group with an aggregate carrying value of $454,900,000 (2005: $415,000,000) (note 12(e));
- floating charges over interest in subsidiaries and certain assets of Rongzhong Group Limited with an aggregate carrying value of $96,660,000 and $20,162,000 respectively (2005: $Nil).

The banking facility was utilised to the extent of $48,500,000 as at 31 March 2006 (2005: $Nil).

All the bank loans are denominated in Hong Kong dollars.

23 AMOUNT DUE TO A RELATED COMPANY

Amount due to a related company is unsecured, interest bearing at rates ranging from Prime Rate to Prime Rate plus 2% per annum and repayable within one year.

24 AMOUNTS DUE TO MINORITY SHAREHOLDERS

Amounts due to minority shareholders are unsecured, interest bearing at rates ranging from Prime Rate to Prime Rate plus 2% per annum. The amounts classified as a current liability are repayable within one year and the amounts classified as a non-current liability are repayable after one year.

25 OTHER PAYABLES AND ACCRUALS

Other payables and accruals of the group are expected to be settled after more than one year is $5,881,000 (2005: $2,390,000). All of the other payables and accruals of the company are expected to be settled within one year.

26 CONVERTIBLE NOTES

On 5 August 2004, the company issued convertible notes with a nominal value of $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 $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 $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 $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 $77,703,000 and $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 capital reserve.

27 INCOME TAX IN THE BALANCE SHEET

(a) Current taxation in the consolidated balance sheet represents:

	The group	
	2006	**2005**
	$'000	*$'000*
Provision for Hong Kong Profits Tax for the year	1,176	363
Provisional Profits Tax paid	(585)	(674)
	591	(311)
PRC income tax payable	257	–
Amount of tax payable/(recoverable)	848	(311)

(b) Deferred tax liabilities recognised:

Deferred tax liabilities recognised in the consolidated balance sheet represent depreciation allowances in excess of related depreciation and revaluation of certain investment properties. Movements in net deferred tax liabilities during the year are as follows:

	The group	
	2006	**2005**
	$'000	*$'000*
At 1 April	9,583	1,972
Charged to the consolidated income statement	7,417	7,611
At 31 March	17,000	9,583

An analysis of net deferred tax liabilities is as follows:

	The group	
	2006	**2005**
	$'000	*$'000*
Depreciation allowances in excess of the related depreciation	446	1
Revaluation surplus of investment properties	16,554	9,582
	17,000	9,583

(c) Deferred tax assets not recognised:

	The group		The company	
	2006	**2005**	**2006**	**2005**
	$'000	*$'000*	*$'000*	*$'000*
Tax losses	119,149	111,728	105,539	107,211

The group and the company have not recognised deferred tax assets in respect of tax losses as it is not probable that the group and the company will generate sufficient future taxable profits against which the accumulated tax losses may be off-set in the foreseeable future. The tax losses do not expire under the current tax legislation except for an amount of $8,746,000 (2005: $Nil) which will expire in the coming five years.

28 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 $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) The terms and conditions of the grants that existed during the years are as follows, whereby all options are settled by physical delivery of shares:

	Number of instruments	**Vesting conditions**	**Contractual life of options**
Options granted to directors:			
– on 8 November 2004	96,000,000	2.2 years from the date of grant	10years
– on 29 July 2005	4,800,000	1.4 years from the date of grant	10years
Options granted to employees:			
– on 8 November 2004	35,000,000	2.2 years from the date of grant	10years
– on 30 May 2005	16,000,000	1.6 years from the date of grant	10years
Total share options	151,800,000		

(b) The number and weighted average exercise prices of share options are as follows:

	2006		**2005**	
	Weighted average exercise price	**Number of options** *'000*	**Weighted average exercise price**	**Number of options** *'000*
Outstanding at the beginning of the year	$0.148	131,000	–	–
Lapsed during the year	$0.148	(18,000)	–	–
Granted during the year	$0.135	20,800	$0.148	131,000
Outstanding at the end of the year	$0.146	133,800	$0.148	131,000
Exercisable at the end of the year	N/A	–	N/A	–

The options outstanding at 31 March 2006 had an exercise price of $0.148, $0.136 or $0.132 (2005: $0.148) and a weighted average remaining contractual life of 8.8 years (2005: 9.7 years).

(c) 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.

	2006	**2005**
Fair value of share options and assumptions		
Fair value at measurement date	\$0.031	\$0.035
Share price	\$0.132	\$0.148
Exercise price	\$0.135	\$0.148
Expected volatility (expressed as a weighted average volatility used in the modelling under binomial lattice model)	48%	48%
Option life (expressed as a weighted average life used in the modelling under binomial lattice model)	3.5 years	4.2 years
Expected dividends	–	–
Risk-free interest rate (based on Exchange Fund Notes)	3.65%	3.41%

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.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

29 CAPITAL AND RESERVES

(a) The group

		Attributable to equity shareholders of the company										
	Note	Share capital $'000	Share premium $'000	Revaluation reserve $'000	General reserve $'000	Capital reserve $'000	Exchange reserve $'000	Special capital reserve $'000	(Accumulated loss)/retained profits $'000	Sub-total $'000	Minority interests $'000	Total equity $'000
At 1 April 2004												
– as previously reported		173,084	97,713	3,000	6,000	5,000	–	64,788	(50,540)	299,045	–	299,045
– prior year adjustments in respect of: HKAS 32: redeemable convertible preference shares issued		(6,840)	–	–	–	–	–	–	–	(6,840)	–	(6,840)
– as restated		166,244	97,713	3,000	6,000	5,000	–	64,788	(50,540)	292,205	–	292,205
Transfer between reserves		–	–	–	–	–	–	(64,788)	64,788	–	–	–
Equity settled share-based transactions (restated)		–	–	–	–	852	–	–	–	852	–	852
Profit for the year (restated)		–	–	–	–	–	–	–	27,083	27,083	–	27,083
At 31 March 2005 (as restated)		166,244	97,713	3,000	6,000	5,852	–	–	41,331	320,140	–	320,140
At 1 April 2005												
– as previously reported		173,084	97,713	3,000	6,000	5,000	–	–	42,183	326,980	–	326,980
– prior year adjustments in respect of:												
– HKAS 32: redeemable convertible preference shares issued	*2(a)(i)*	(6,840)	–	–	–	–	–	–	–	(6,840)	–	(6,840)
– HKFRS 2: equity settled share-based transactions	*2(a)(i)*	–	–	–	–	852	–	–	(852)	–	–	–
– as restated, before opening balance adjustments		166,244	97,713	3,000	6,000	5,852	–	–	41,331	320,140	–	320,140
– opening balance adjustments in respect of:												
– HKAS 39: convertible notes	*2(f)(ii)*	–	–	–	–	22,297	–	–	(3,750)	18,547	–	18,547
– HKAS 39: redeemable convertible preference shares issued	*2(f)(iii)*	–	–	–	–	–	–	–	5,801	5,801	–	5,801
– HKFRS 3: negative goodwill	*2(d)*	–	–	–	–	(5,000)	–	–	10,360	5,360	–	5,360
– as restated, after opening balance adjustments		166,244	97,713	3,000	6,000	23,149	–	–	53,742	349,848	–	349,848
Profit for the year		–	–	–	–	–	–	–	3,861	3,861	–	3,861
Equity settled share-based transactions		–	–	–	–	2,109	–	–	–	2,109	–	2,109
Exchange difference on translation of financial statement of entities outside Hong Kong		–	–	–	–	–	1,696	–	–	1,696	–	1,696
At 31 March 2006		166,244	97,713	3,000	6,000	25,258	1,696	–	57,603	357,514	–	357,514

(b) The company

	Note	Share capital $'000	Share premium $'000	Revaluation reserve $'000	General reserve $'000	Capital reserve $'000	Special capital reserve $'000	(Accumulated loss)/retained profits $'000	Total equity $'000
At 1 April 2004									
– as previously reported		173,084	97,713	3,000	6,000	–	64,788	(53,654)	290,931
– prior year adjustments in respect of: HKAS 32: redeemable convertible preference shares issued		(6,840)	–	–	–	–	–	–	(6,840)
– as restated		166,244	97,713	3,000	6,000	–	64,788	(53,654)	284,091
Transfer between reserves		–	–	–	–	–	(64,788)	64,788	–
Equity settled share-based transactions (restated)		–	–	–	–	852	–	–	852
Loss for the year (restated)		–	–	–	–	–	–	(6,499)	(6,499)
At 31 March 2005 (as restated)		166,244	97,713	3,000	6,000	852	–	4,635	278,444
At 1 April 2005									
– as previously reported		173,084	97,713	3,000	6,000	–	–	5,487	285,284
– prior year adjustments in respect of:									
– HKAS 32: redeemable convertible preference shares issued	*2(a)(ii)*	(6,840)	–	–	–	–	–	–	(6,840)
– HKFRS 2: equity settled share-based transactions	*2(a)(ii)*	–	–	–	–	852	–	(852)	–
– as restated, before opening balance adjustments		166,244	97,713	3,000	6,000	852	–	4,635	278,444
– opening balance adjustments in respect of:									
– HKAS 39: convertible notes	*2(f)(ii)*	–	–	–	–	22,297	–	(3,750)	18,547
– HKAS 39: redeemable convertible preference shares issued	*2(f)(iii)*	–	–	–	–	–	–	5,801	5,801
– as restated, after opening balance adjustments		166,244	97,713	3,000	6,000	23,149	–	6,686	302,792
Loss for the year		–	–	–	–	–	–	(46,164)	(46,164)
Equity settled share-based transactions		–	–	–	–	2,109	–	–	2,109
At 31 March 2006		166,244	97,713	3,000	6,000	25,258	–	(39,478)	258,737

(c) Share capital

	2006		2005	
	Number of shares	Amount	Number of shares	Amount
	'000	*$'000*	*'000*	*$'000*
Ordinary shares, authorised:				
Ordinary shares of $0.10 each	25,000,000	2,500,000	25,000,000	2,500,000
Ordinary shares, issued and fully paid:				
Ordinary shares of $0.10 each	1,662,440	166,244	1,662,440	166,244

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

	2006		2005	
	Number of shares	Amount	Number of shares	Amount
	'000	*$'000*	*'000*	*$'000*
Redeemable convertible preference shares, authorised, issued and fully paid:				
Preference shares of $0.10 each	68,400	6,840	68,400	6,840

Redeemable preference shares do not carry the right to vote. Based on their terms and conditions, the redeemable preference shares were split into liability and equity components. The liability component has been presented as liabilities in the balance sheet while the equity component has been included in the retained earnings since the conversion rights lapsed in the prior year. Further details of these terms are set out in note 30.

(d) Terms of unexpired and unexercised share options at balance sheet date

Exercise period	Exercise price	2006 Number	2005 Number
1 January 2007 – 7 November 2014	$0.148	113,000,000	131,000,000
1 January 2007 – 28 July 2015	$0.132	4,800,000	–
1 January 2007 – 29 May 2015	$0.136	16,000,000	–
		133,800,000	131,000,000

Each option entitles the holder to subscribe for one ordinary share in the company. Further details of these options are set out in note 28 to the financial statements.

(e) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by Sections 48B of the Hong Kong Companies Ordinance.

(ii) Capital reserve

The capital reserve comprises the following:

– the fair value of the actual or estimated number of unexercised share options granted to directors and other eligible participants of the company recognised in accordance with the accounting policy adopted for share-based payments set out in note 1(s)(ii); and

– the value of the unexercised equity component of convertible notes issued by the company recognised in accordance with the accounting policy adopted for convertible notes set out in note 1(n).

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policy set out in note 1(w).

(iv) Special capital reserve

The special capital reserve of $64,788,000 was transferred to the retained profits of the company during the year ended 31 March 2004 upon the fulfilment of conditions set out in the court order issued by the High Court of Hong Kong in June 2003.

(v) Retained profits

Included in the retained profits as at 31 March 2006 was a loss of $3,252,000 (2005: $3,456,000) and profit of $4,433,000 (2005 loss: $1,351,000) attributable to the group's jointly controlled entities and associate respectively.

(vi) Distributability of reserves

No reserve is available for distributable to equity shareholders of the company at 31 March 2006 (2005 (restated): $4,635,000).

30 REDEEMABLE CONVERTIBLE PREFERENCE SHARES

At 31 March 2006, 68,400,000 (2005: 68,400,000) preference shares were in issue. The preference shares carry neither right to vote nor right to dividend distributions to the holders. The conversion rights attached to the preference shares lapsed with no conversion during the year ended 31 March 2005.

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 $10.00 per preference share.

The preference shares were split into liability and equity components of $811,000 and $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 the retained earnings since the conversion rights lapsed during the year ended 31 March 2005.

31 FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the group's business. These risks are limited by the group's financial management policies and practices described below.

(a) Credit risk

The group's credit risk is primarily attributable to trade and other receivables and loans to associate. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, credit evaluations are performed on all major customers requiring credit over a certain amount.

In respect of rental receivables from investment properties, credit evaluations are performed on all tenants and these receivables are due within 30 days from the date of invoicing. For debtors with balances that are more than 45 days overdue, appropriate legal action will be taken by the company if necessary.

In respect of loan guarantee services in the PRC, 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 backgrounds 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. The credit teams are also required to take follow-up action where customers have defaulted on the repayment of loans to banks. The group reviews the receivable amount of all trade and other receivables from time to time to ensure that adequate impairment losses are provided for at the balance sheet date.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. 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. These contingent liabilities have been disclosed in note 36. The management assess and closely monitor the repayment ability of customers.

Except for the financial guarantees given by the group as disclosed in note 36, the group does not provide any other guarantees which would expose the group to credit risk.

(b) Liquidity risk

The group closely monitors its liquidity and financial resources to ensure that a healthy financial position is maintained such that cash inflows from operating activities together with undrawn committed banking facilities are sufficient to meet the requirements for loan repayments, daily operational needs, capital expenditure as well as potential business expansion and development.

Major operating companies of the group arrange their own financing to meet specific requirements. The group's other subsidiaries are mainly financed by the company's capital base.

The group reviews its strategy from time to time to ensure that cost-efficient funding is available to cater for the unique operating environment of each subsidiary.

(c) Interest rate risk

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or the maturity dates, if earlier.

The group

	2006						2005					
	Effective interest rate	**Total**	**One year or less**	**1-2 years**	**2-5 years**	**More than 5 years**	**Effective interest rate**	**Total**	**One year or less**	**1-2 years**	**2-5 years**	**More than 5 years**
	%	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*%*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Repricing dates for assets/(liabilities) which reprice before maturity												
Interest-earning cash and cash equivalents	0.61%	24,705	24,705	–	–	–	0.25%	9,720	9,720	–	–	–
Pledged deposits	0.41%	20,261	20,261	–	–	–	2.09%	20,005	20,005	–	–	–
Security deposits	0.46%	18,848	18,848	–	–	–	–	–	–	–	–	–
Loan to associate	10.84%	40,260	40,260	–	–	–	–	–	–	–	–	–
Interest-bearing bank loans	5.21%	(213,080)	(213,080)	–	–	–	2.04%	(177,992)	(177,992)	–	–	–
Amounts due to minority shareholders	8.34%	(18,934)	(18,934)	–	–	–	–	–	–	–	–	–
Amount due to a related company	9.61%	(26,302)	(26,302)	–	–	–	–	–	–	–	–	–
Amount due from jointly controlled entities	10.00%	11,643	11,643	–	–	–	5.69%	50,387	50,387	–	–	–
		(142,599)	(142,599)	–	–	–		(97,880)	(97,880)	–	–	–
Maturity dates for assets/(liabilities) which do not reprice before maturity												
Other interest-bearing receivable	6.00%	18,077	18,077	–	–	–	–	–	–	–	–	–
Convertible notes	8.75%	(88,904)	–	(88,904)	–	–	8.75%	(100,000)	–	–	(100,000)	–
Redeemable convertible preference shares	13.97%	(1,194)	–	–	–	(1,194)	13.97%	(6,840)	–	–	–	(6,840)
		(72,021)	18,077	(88,904)	–	(1,194)		(106,840)	–	–	(100,000)	(6,840)

The company

	2006						2005					
	Effective interest rate	Total	One year or less	1-2 years	2-5 years	More than 5 years	Effective interest rate	Total	One year or less	1-2 years	2-5 years	More than 5 years
	%	$'000	$'000	$'000	$'000	$'000	%	$'000	$'000	$'000	$'000	$'000
Repricing dates for assets/(liabilities) which reprice before maturity												
Interest-earning cash and cash equivalents	2.78%	36	36	–	–	–	0.25%	6,032	6,032	–	–	–
Pledged deposits	0.41%	20,261	20,261	–	–	–	2.09%	20,005	20,005	–	–	–
Loan to associate	10.84%	40,260	40,260	–	–	–	–	–	–	–	–	–
Interest-bearing bank loans	5.01%	(46,500)	(46,500)	–	–	–	–	–	–	–	–	–
		14,057	14,057	–	–	–		26,037	26,037	–	–	–
Maturity dates for assets/(liabilities) which do not reprice before maturity												
Convertible notes	8.75%	(88,904)	–	(88,904)	–	–	8.75%	(100,000)	–	–	(100,000)	–
Redeemable convertible preference shares	13.97%	(1,194)	–	–	–	(1,194)	13.97%	(6,840)	–	–	–	(6,840)
		(90,098)	–	(88,904)	–	(1,194)		(106,840)	–	–	(100,000)	(6,840)

(d) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2006 and 2005.

(e) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

(i) Securities

Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

(ii) Interest-bearing loans and borrowings

Fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

32 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 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 $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 is 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 $21,193,000). The principal activity of Wuhan Rongzhong is the provision of loan guarantee services in the PRC.

The acquisitions contributed revenue of $8,091,000 and a net loss of $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 $40,650,000, and profit after taxation would have been $3,861,000.

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 assets/(liabilities) acquired:

	Rongzhong Group Limited	**Wuhan Rongzhong**	**Total**
	$'000	*$'000*	*$'000*
Cash and cash equivalents	13,269	13,473	26,742
Plant and equipment	2,747	1,894	4,641
Trade and other receivables	35,741	11,673	47,414
Security deposits	5,107	4,594	9,701
Other payables and accruals	(10,009)	(475)	(10,484)
Amount 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 purchase of subsidiaries	(13,269)	7,721	(5,548)

The above goodwill is 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 CGU, loan guarantee business (Rongzhong Group Limited including Wuhan Rongzhong), is 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 are extrapolated using the estimated rates stated below. The growth rates do not exceed the respective long-term average growth rates for the business in which the CGU operates.

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 are 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 $11,411,000 has been written off to the consolidated income statement in the current year.

33 COMMITMENTS

(a) Capital commitments outstanding of the group at 31 March 2006 not provided for in the financial statements were as follows:

	2006	**2005**
	$'000	*$'000*
The group		
Contracted, but not provided for	–	15,210
The group's share of capital commitments of a jointly controlled entity		
Contracted, but not provided for		
– Construction of properties under development	114,926	142,183
– Acquisition of certain subsidiaries in the PRC	–	13,962
	114,926	156,145

(b) At 31 March 2006, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	The group		**The company**	
	2006	**2005**	**2006**	**2005**
	$'000	*$'000*	*$'000*	*$'000*
Within 1 year	4,673	41	816	41
After 1 year but within 5 years	7,891	–	52	–
	12,564	41	868	41

The group and the company are the lessees in respect 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 renegotiated.

None of the leases includes contingent rentals.

The group's share of operating leases commitment of the jointly controlled entities

	2006	**2005**
	$'000	*$'000*
Within 1 year	426	755
After 1 year but within 5 years	103	1,798
Over 5 years	–	13
	529	2,566

34 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 $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.

35 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the group entered into the following material related party transactions.

(a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the company's directors as disclosed in note 7 and certain of the group's highest paid employees as disclosed in note 8, is as follows:

	2006	**2005**
	$'000	*$'000*
Directors' fees	295	422
Salaries and other short-term employee benefits	5,496	5,669
Contributions to defined contribution retirement plans	58	71
Equity compensation benefits	1,209	678
	7,058	6,840

Total remuneration is included in "staff costs" (see note 5(b)).

(b) Transactions with related parties

	Note	2006 $'000	2005 $'000
Issue of convertible notes	*26*	–	100,000
Disposal of fixed assets		–	141
Legal and professional fee paid to related companies		341	850
Rental expense paid to a related company		805	531
Loan arrangement fee from a jointly controlled entity		879	–
Interest income from jointly controlled entities	*15*	1,419	1,252
Interest expense paid to a related company	*23*	1,508	101
Loan to associate	*14*	40,000	–
Interest income from associate	*14*	260	–
Impairment loss on amount due from a jointly controlled entity	*15*	2,888	2,400
Acquisition of subsidiaries from a venturer of a jointly controlled entity			
– purchase price paid	*32*	–	–
– impairment of goodwill	*32*	7,954	–

36 CONTINGENT LIABILITIES

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

(i) The company has given a guarantee of US$3,750,000 (equivalent to approximately $29,250,000) in respect of banking facilities granted to a jointly controlled entity, the group also pledged its attributable equity interests in its jointly controlled entities for such banking facilities as disclosed in note 15(b)(ii).

(ii) The company has given a guarantee to a bank to secure a bank loan as disclosed in note 22.

(iii) During the current year, the company entered into funding, allocation and distribution agreements in respect of a new bank loan of RMB148,977,000 (equivalent to approximately $143,247,000) borrowed by a jointly controlled entity.

Pursuant to such agreements, the company has taken on the funding undertakings 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 1 of Nanjing International Center at RMB5,000 per square metre or, if required by the bank, arrange a refinancing facility.

(iv) The group has contingent liabilities of RMB142,397,000 (equivalent to approximately $136,920,000) in relation to the provision of the guarantee services in the PRC.

37 COMPARATIVE FIGURES

Certain comparative figures have been adjusted or reclassified as a result of changes in accounting policies. Further details are disclosed in note 2.

38 ACCOUNTING ESTIMATES AND JUDGEMENTS

Notes 15, 27(c), 28, 31(e) and 32 contain information about the assumptions and their risk factors relating to goodwill impairment, deferred tax assets not recognised, fair value of share options granted and the fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Estimate of fair value of investment properties

The fair value of investment properties have been determined with reference to independent valuations. The best evidence of fair value is the current price in an active market for similar lease and other contracts. The group employed an independent firm of professional surveyors to determine the open market values for the investment properties of the group. These valuations require the use of judgement and estimates, and the use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts which would affect the financial results of the group.

(b) Estimate of fair value of convertible notes and redeemable convertible preference shares

The fair value of the liability component of convertible notes and redeemable convertible preference shares is calculated using the market interest rate for an equivalent non-convertible bond. The residual amounts represent the equity component. The group employed an independent professional valuer to determine the value for the convertible notes and redeemable convertible preference shares. The valuations require the use of judgement and estimates, and the use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts which would affect the financial results of the group.

(c) Impairment losses for bad and doubtful debts

Impairment losses for bad and doubtful debts are assessed and provided based on the management's regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by the management when assessing the credit worthiness and past collection history of each individual customer.

Any increase or decrease in the impairment losses would affect the net profit in future years.

(d) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the balance sheet date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the group and require significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

39 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 31 MARCH 2006

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the accounting year ending 31 March 2006 and which have not been adopted in these financial statements.

Of these developments, the following relate to matters that may be relevant to the group's operations and financial statements:

		Effective for accounting periods beginning on or after
HK(IFRIC) 4	Determining whether an arrangement contains a lease	1 January 2006
Amendment to HKAS 1	Presentation of financial statements: capital disclosures	1 January 2007
Amendments to HKAS 39	Financial instruments: recognition and measurement:	
	– The fair value option	1 January 2006
	– Financial guarantee contracts	1 January 2006
Amendment to HKAS 21	The effects of changes in foreign exchange rates	
	– Net investment in a foreign operation	1 January 2006
HKFRS 7	Financial instruments: disclosures	1 January 2007

In addition, the Hong Kong Companies (Amendment) Ordinance 2005 came into effect on 1 December 2005 and would be first applicable to the group's financial statements for the period beginning 1 April 2006.

The group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application but the group is not yet in a position to state whether these amendments will have a significant impact on its results of operations and financial position.

5. UNAUDITED INTERIM FINANCIAL INFORMATION OF THE GROUP

The following is the unaudited financial statements of the Group for the six months ended 30 September 2006 together with the relevant notes as extracted from the interim report of the Company for the six months ended 30 September 2006.

Condensed Consolidated Income Statement

For the six months ended 30 September 2006

	Notes	1 April 2006 to 30 September 2006 HK$'000 (Unaudited)	1 April 2005 to 30 September 2005 HK$'000 (Unaudited and restated)
Turnover	*3*	26,147	16,439
Direct outgoings		(3,096)	(2,948)
Other revenue		2,663	2,586
Other net (loss) gain		(838)	37
Administrative expenses		(25,985)	(15,004)
Other operating expenses		–	(10,842)
Change in fair value of investment properties		41,300	21,606
Share of profits (losses) of associates		147	(1,601)
Share of profits of jointly controlled entities		101	2,965
Finance costs		(11,941)	(7,461)
Profit before taxation	*4*	28,498	5,777
Income tax expense	*5*	(8,022)	(4,291)
Profit for the period		20,476	1,486
Earnings per share	*7*		
– Basic		1.23 cents	0.1 cents
– Diluted		1.04 cents	N/A

Condensed Consolidated Balance Sheet

At 30 September 2006

	Notes	30 September 2006 HK$'000 (Unaudited)	31 March 2006 HK$'000 (Audited and restated)
Non-current assets			
Investment properties	8	500,000	458,700
Plant and equipment	9	5,444	5,592
Interest in associates		35,685	35,538
Interest in jointly controlled entities	10	97,791	96,504
Club debentures		3,000	3,000
		641,920	599,334
Current assets			
Amount due from associate		8	40,260
Amount due from a jointly controlled entity		12,145	11,643
Held for trading securities		1,685	225
Properties held for sale		7,853	7,634
Debtors, advances provided to customers, prepayments and deposits	11	54,196	29,577
Security deposits	12	42,798	18,848
Pledged deposits		21,427	20,261
Bank balances and cash		43,584	26,292
		183,696	154,740
Current liabilities			
Loans from a related company		47,565	26,302
Amounts due to minority shareholders		19,984	15,740
Other payables and accruals		32,262	29,261
Taxation		1,191	848
Bank borrowings	13	64,496	62,074
Convertible notes	14	92,882	–
Financial guarantee contracts	16	61	306
		258,441	134,531
Net current (liabilities) assets		(74,745)	20,209
Total assets less current liabilities		567,175	619,543

	Notes	**30 September 2006** *HK$'000* (Unaudited)	**31 March 2006** *HK$'000* (Audited and restated)
Capital and reserves			
Share capital		166,244	166,244
Reserves		215,581	191,270
Equity attributable to equity holders of the Company		381,825	357,514
Non-current liabilities			
Bank borrowings	*13*	159,218	151,006
Convertible notes	*14*	–	88,904
Redeemable convertible preference shares	*15*	1,280	1,194
Deferred taxation		24,228	17,000
Amounts due to minority shareholders		–	3,194
Financial guarantee contracts	*16*	624	731
		185,350	262,029
		567,175	619,543

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2006

	Attributable to equity holders of the Company								
	Share capital *HK$'000*	Share premium *HK$'000*	Revaluation reserve *HK$'000*	Employee share-based compensation reserve *HK$'000*	Convertible notes reserve *HK$'000* *(Note 14)*	General reserve *HK$'000*	Translation reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 April 2005	166,244	97,713	3,000	852	22,297	6,000	–	53,742	349,848
Exchange differences on translation of operations outside Hong Kong recognised directly in equity	–	–	–	–	–	–	1,696	–	1,696
Profit for the year	–	–	–	–	–	–	–	3,861	3,861
Total recognised income and expense 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	–	–	–	–	–	–	2,543	–	2,543
Profit for the period	–	–	–	–	–	–	–	20,476	20,476
Total recognised income and expense for the period	–	–	–	–	–	–	2,543	20,476	23,019
Recognition of equity-settled share-based payments	–	–	–	1,292	–	–	–	–	1,292
At 30 September 2006	166,244	97,713	3,000	4,253	22,297	6,000	4,239	78,079	381,825

	Attributable to equity holders of the Company								
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Revaluation reserve** *HK$'000*	**Employee share-based compensation reserve** *HK$'000*	**Convertible notes reserve** *HK$'000* *(Note 14)*	**General reserve** *HK$'000*	**Translation reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
At 1 April 2005	166,244	97,713	3,000	852	22,297	6,000	–	53,742	349,848
Exchange differences on translation of operations outside Hong Kong recognised directly in equity	–	–	–	–	–	–	1,696	–	1,696
Profit for the period	–	–	–	–	–	–	–	1,486	1,486
Total recognised income and expense for the period	–	–	–	–	–	–	1,696	1,486	3,182
Recognition of equity-settled share-based payments	–	–	–	1,014	–	–	–	–	1,014
At 30 September 2005	166,244	97,713	3,000	1,866	22,297	6,000	1,696	55,228	354,044

Condensed Consolidated Cash Flow Statement
For the six months ended 30 September 2006

	1 April 2006 to 30 September 2006 *HK$'000* (Unaudited)	**1 April 2005 to 30 September 2005** *HK$'000* (Unaudited)
Net cash used in operating activities	(44,624)	(6,055)
Net cash from investing activities		
Proceeds from loan to a jointly controlled entity	–	29,905
Repayment of loan to associate	40,360	–
Other investing activities	(1,710)	(14,554)
	38,650	15,351
Net cash generated from financing activities		
New bank loans raised	51,268	22,000
Proceeds from loan from a related company	42,900	20,060
Repayment of bank loans	(41,287)	(11,625)
Repayment of loan to a related company	(21,000)	–
Other financing activities	(7,887)	17,088
	23,994	47,523
Net increase in cash and cash equivalents	18,020	56,819
Cash and cash equivalents at beginning of the period	26,292	13,314
Effect of foreign currency rate changes	(728)	–
Cash and cash equivalents at end of the period	43,584	70,133
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents, being bank balances and cash	43,584	49,834
Deposits with banks	–	20,299
	43,584	70,133

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2006

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of Goldbond Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred as the "Group") for the year ended 31 March 2006 except as described below.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (new "HKFRSs") issued by the 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 these new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods have been prepared and presented:

Financial guarantee contracts

In the current period, the Group has applied Amendments to HKAS 39 "Financial Instruments: Recognition and Measurement" and HKFRS 4 "Insurance Contracts" which is effective for annual periods beginning on or after 1 January 2006.

A financial guarantee contract is defined by 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 acts as the issuer of the financial guarantee contracts

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 realiably.

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"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

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 2A.

In relation to financial guarantees granted to customers under the guarantee service business, the Group has applied the transitional provisions in HKAS 39. The financial guarantee contracts issued by the Group are recognised initially at their fair values less transaction costs that are directly attributable to the issue of the financial guarantee contracts. Subsequent to initial recognition, the Group measures financial guarantee contracts at the higher of: (i) the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue". There is no material impact on the effect of the change in this accounting policy.

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

HKAS 1 (Amendment)	Capital disclosures[1]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) – INT 8	Scope of HKFRS 2[2]
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives[3]
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment[4]

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

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

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

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

2A. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The cumulative effect of the application of the new HKFRSs as at 1 April 2006 is summarised below:

	As at 1 April 2006 *HK$'000* (Originally stated)	**Adjustment** *HK$'000*	**As at 1 April 2006** *HK$'000* (Restated)
Balance sheet items			
Interest in jointly controlled entities	95,467	1,037	96,504
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 period.

3. SEGMENT INFORMATION

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

(a) 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.

(b) Financial services: The provision of loan guarantee services, secured consumer financing and other related services.

	Property leasing and development		Financial services		Consolidated	
	1 April 2006 to 30 September 2006	1 April 2005 to 30 September 2005	1 April 2006 to 30 September 2006	1 April 2005 to 30 September 2005	1 April 2006 to 30 September 2006	1 April 2005 to 30 September 2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers	16,984	15,344	9,163	1,095	26,147	16,439
Other revenue from external customers	93	116	–	–	93	116
Change in fair value of investment properties	41,300	21,606	–	–	41,300	21,606
Segment results	49,946	27,211	(8,994)	(14,963)	40,952	12,248
Unallocated operating income and expenses					(761)	(374)
Finance costs					(11,941)	(7,461)
Share of profits (losses) of associates	–	–	147	(1,601)	147	(1,601)
Share of profits of jointly controlled entities	101	2,965	–	–	101	2,965
Profit before taxation					28,498	5,777
Income tax expense					(8,022)	(4,291)
Profit for the period					20,476	1,486

4. PROFIT BEFORE TAXATION

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

	1 April 2006 to 30 September 2006 *HK$'000* (Unaudited)	1 April 2005 to 30 September 2005 *HK$'000* (Unaudited)
Interest on:		
Bank loans and other borrowings	7,877	3,742
Convertible notes	3,978	3,644
Redeemable convertible preference shares	86	75
	11,941	7,461
Allowance for amount due from jointly controlled entity	–	2,888
Provision for financial guarantees granted to the customers under the guarantee service business	813	–
Depreciation	848	306
Interest income	(1,084)	(1,193)
Share of jointly controlled entity's taxation (credit) charge	(1,660)	1,085
Impairment of goodwill	–	7,954
Operating lease charges in respect of properties	2,662	1,099
Staff costs	15,568	8,849

5. INCOME TAX EXPENSE

	1 April 2006 to 30 September 2006 *HK$'000* (Unaudited)	1 April 2005 to 30 September 2005 *HK$'000* (Unaudited)
The charge comprises:		
Hong Kong Profits Tax	600	510
PRC Income Tax	194	–
	794	510
Deferred taxation	7,228	3,781
	8,022	4,291

Hong Kong Profits Tax has been calculated at 17.5% (17.5% for the six months ended 30 September 2005) of the estimated assessable profit for the period.

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

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

6. DIVIDENDS

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

7. EARNINGS PER SHARE

The calculation of the earnings per share is based on the following data:

	1 April 2006 to 30 September 2006	1 April 2005 to 30 September 2005
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic earnings per share	20,476	1,486
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	3,978	N/A
Earnings for the purpose of diluted earnings per share	24,454	N/A
	Number of shares *(in thousand)*	
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,662,440	1,662,440
Effect of dilutive potential ordinary shares: Share options	37,664	N/A
Convertible notes	644,323	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,344,427	N/A

8. INVESTMENT PROPERTIES

The Group's investment properties were fair valued by the external valuers, Knight Frank Petty Limited as at 30 September 2006. The resulting increase in fair value of investment properties of HK$41,300,000 (30 September 2005: HK$21,606,000) has been recognised directly in the condensed consolidated income statement.

9. ADDITIONS IN PLANT AND EQUIPMENT

During the period, the Group spent HK$626,000 (HK$2,876,000 for the six months ended 30 September 2005) on acquisition of plant and equipment for its business use.

10. INTEREST IN JOINTLY CONTROLLED ENTITIES

	30 September 2006 *HK$'000* (Unaudited)	31 March 2006 *HK$'000* (Audited and restated)
Share of net assets	62,438	60,799
Goodwill	34,668	34,668
Fair value of financial guarantee contracts	685	1,037
	97,791	96,504

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

	30 September 2006 *HK$'000* (Unaudited)	31 March 2006 *HK$'000* (Audited)
Trade debtors and advances provided to customers	42,026	5,634
Prepayments, deposits and other receivables	12,170	23,943
	54,196	29,577

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:

	30 September 2006 *HK$'000* (Unaudited)	31 March 2006 *HK$'000* (Audited)
Outstanding balances aged:		
– within one month	40,805	4,624
– more than one month but less than three months	459	721
– more than three months	762	289
	42,026	5,634

12. 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.

13. BANK BORROWINGS

During the period, the Group obtained new bank borrowings amounting to HK$51,268,000 and repaid HK$41,287,000. The loans bear interest at market rates. The proceeds were used to finance the operation of the financial services business.

14. CONVERTIBLE NOTES

On 5 August 2004, the Company issued convertible notes with a nominal value of HK$70,000,000 to a related company which is under common control. The notes 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.

15. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

At 30 September 2006, 68,400,000 preference shares were in issue (31 March 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 during the year ended 31 March 2005.

16. FINANCIAL GUARANTEE CONTRACTS

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

In May 2005, the Group entered into funding, allocation and distribution agreements in respect of a bank loan of RMB148,977,000, equivalent to approximately HK$146,056,000 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, 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 amounted to US$137,000 (equivalent to approximately HK$1,069,000) and RMB762,000 (equivalent to approximately HK$733,000) respectively.

17. SHARE OPTIONS

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

	Number of share options
Outstanding at 1 April 2006	133,800,000
Granted during the period	32,000,000
Outstanding at 30 September 2006	165,800,000

The closing price of the Company's shares immediately before 7 July 2006, the date of the grant, was HK$0.195. The exercise price is HK$0.21. The estimated fair value of the share options granted on that date was HK$2,837,000.

During the period, the Group recognised the total expense of HK$1,292,000 (HK$1,014,000 for the six months ended 30 September 2005) in relation to share options granted by the Company.

18. CAPITAL COMMITMENTS

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

	30 September 2006 *HK$'000* (Unaudited)	**31 March 2006** *HK$'000* (Audited)
THE GROUP		
Contracted, but not provided for		
– acquisition of a subsidiary in the PRC	29,412	–
THE GROUP'S SHARE OF CAPITAL COMMITMENTS OF A JOINTLY CONTROLLED ENTITY		
Contracted, but not provided for		
– construction of properties under development	115,263	114,926
	144,675	114,926

19. OPERATING LEASE COMMITMENTS

At 30 September 2006, 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.

	30 September 2006	**31 March 2006**
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
THE GROUP		
Within one year	4,446	4,673
After one year but within five years	6,289	7,891
	10,735	12,564
THE GROUP'S SHARE OF OPERATING LEASE COMMITMENTS OF THE JOINTLY CONTROLLED ENTITIES		
Within one year	264	426
After one year but within five years	–	103
	264	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:

	30 September 2006	**31 March 2006**
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	27,355	32,380
After one year but within five years	12,102	16,989
	39,457	49,369

20. CONTINGENT LIABILITIES

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

(i) the Group has given a guarantee of US$3,750,000, equivalent to approximately HK$29,250,000 (31 March 2006: US$3,750,000, equivalent to approximately HK$29,250,000) in respect of banking facilities granted to a jointly controlled entity, the Group also pledged its attributable equity interests in the jointly controlled entity for such banking facilities;

(ii) the Group entered into funding, allocation and distribution agreements in respect of a bank loan of RMB148,977,000, equivalent to approximately HK$146,056,000 (31 March 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, and arrange a refinancing facility; and

(iii) the Group has contingent liabilities of RMB238,348,000, equivalent to approximately HK$233,675,000 (31 March 2006: RMB142,397,000, equivalent to approximately HK$136,920,000) in relation to the provision of the guarantee services in the PRC.

21. RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

	1 April 2006 to 30 September 2006 *HK$'000* (Unaudited)	**1 April 2005 to 30 September 2005** *HK$'000* (Unaudited)
Directors' fees	120	175
Salaries and other short-term employee benefits	2,933	2,638
Contributions to defined contribution retirement plans	28	28
Equity compensation benefits	611	619
	3,692	3,460

(b) Transactions with related parties

	1 April 2006 to 30 September 2006 *HK$'000* (Unaudited)	**1 April 2005 to 30 September 2005** *HK$'000* (Unaudited)
Legal and professional fee paid to related companies	157	288
Rental expense paid to a related company	518	397
Interest income from jointly controlled entities	502	942
Interest expense paid to a related company	1,678	359

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To the Board of Directors of
Goldbond Group Holdings Limited

We report on the unaudited pro forma financial information of Goldbond Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors for illustrative purposes only, to provide information about how the disposal of the Group's interest in Golden Plaza, might have affected the financial information presented, for inclusion in Appendix III of the circular dated 28 March 2007 (the "Circular").

Respective responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to the Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with the Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Report on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unaudited financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

- the financial position of the Group as at 30 September 2006 or any future date; and
- the results of the Group for the six months ended 30 September 2006 or any future period.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 March 2007

1. UNAUDITED PRO FORMA ASSETS AND LIABILITIES STATEMENT OF THE REMAINING GROUP UPON COMPLETION OF THE TRANSACTIONS

(A) Introduction

The unaudited pro forma assets and liabilities statement of the Remaining Group has been prepared to illustrate the effect of the disposal of interest in Golden Plaza (the "Transactions"). On 26 February 2007, the Company's subsidiaries, Perfect Manor Limited, Apex Honour Limited and Metro Fair Investments Limited entered into agreements with Bliss Investments Ltd. (the "Purchaser") to dispose of the Group's interest in Golden Plaza at a consideration of HK$530,000,000.

The unaudited pro forma assets and liabilities statement of the Remaining Group has been prepared in accordance with Rule 4.29 of the Listing Rules for the purposes of illustrating the effects of the Transactions as if the Transactions had been completed and the obligations under the Licence Agreement had been fulfilled on 30 September 2006.

The unaudited pro forma assets and liabilities statement of the Remaining Group is based upon the condensed consolidated balance sheet of the Group as at 30 September 2006, which has been extracted from the condensed consolidated financial statements of the Group for the six months ended 30 September 2006 set out in Appendix II to this circular, after making pro forma adjustments relating to the Transactions that are (i) directly attributable to the Transactions; and (ii) factually supportable.

The unaudited pro forma assets and liabilities statement of the Remaining Group is based on a number of assumptions, estimates and uncertainties. Accordingly, the accompanying unaudited pro forma assets and liabilities statement of the Remaining Group does not purport to describe the actual financial position of the Remaining Group that would have been attained had the Transactions been completed and the obligations under the Licence Agreement had been fulfilled on 30 September 2006. The unaudited pro forma assets and liabilities statement of the Remaining Group does not purport to predict the future financial position of the Remaining Group.

The unaudited pro forma assets and liabilities statement of the Remaining Group should be read in conjunction with the historical information of the Group as set out in the condensed consolidated financial statements of the Group for the six months ended 30 September 2006 set out in Appendix II to this circular and other financial information included elsewhere in this circular.

The statement has been prepared by the Directors for illustrative purposes only and because of its nature, it may not give a true picture of financial position of the Remaining Group following completion of the Transactions and the fulfillment of the obligations under the Licence Agreement.

(B) Pro forma assets and liabilities statement

	The Group as at 30 September 2006		Pro forma adjustments			Sub-total	Pro forma Remaining Group
	HK$'000	*HK$'000* *(Note 1)*	*HK$'000* *(Note 2)*	*HK$'000* *(Note 3)*	*HK$'000* *(Note 4)*	*HK$'000*	*HK$'000*
Non-current assets							
Investment properties	500,000	(500,000)				(500,000)	–
Plant and equipment	5,444					–	5,444
Interest in associates	35,685					–	35,685
Interest in jointly controlled entities	97,791					–	97,791
Club debentures	3,000					–	3,000
	641,920					(500,000)	141,920
Current assets							
Amount due from an associate	8					–	8
Amount due from a jointly controlled entity	12,145					–	12,145
Held for trading securities	1,685					–	1,685
Properties held for sale	7,853					–	7,853
Debtors, advances provided to customers, prepayments and deposits	54,196					–	54,196
Security deposits	42,798					–	42,798
Pledged deposits	21,427					–	21,427
Bank balances and cash	43,584	521,050	(211)	(158,255)	(8,717)	353,867	397,451
	183,696					353,867	537,563
Current liabilities							
Loan from a related company	47,565					–	47,565
Amounts due to minority shareholders	19,984					–	19,984
Other payables and accruals	32,262		(211)	(463)	(8,717)	(9,391)	22,871
Taxation	1,191	1,500				1,500	2,691
Bank borrowings	64,496			(13,574)		(13,574)	50,922
Convertible notes	92,882					–	92,882
Financial guarantee contracts	61					–	61
	258,441					(21,465)	236,976
Net current (liabilities) assets	(74,745)					375,332	300,587
Total assets less current liabilities	567,175					(124,668)	442,507

	The Group as at 30 September 2006	Pro forma adjustments				Sub-total	Pro forma Remaining Group
	HK$'000	*HK$'000* *(Note 1)*	*HK$'000* *(Note 2)*	*HK$'000* *(Note 3)*	*HK$'000* *(Note 4)*	*HK$'000*	*HK$'000*
Non-current liabilities							
Bank borrowings	159,218			(144,218)		(144,218)	15,000
Redeemable convertible preference shares	1,280					–	1,280
Deferred taxation	24,228	(24,228)				(24,228)	–
Financial guarantee contracts	624					–	624
	185,350					(168,446)	16,904
Net assets	381,825					43,778	425,603
Capital and reserves							
Share capital	166,244					–	166,244
Reserves	215,581	43,778				43,778	259,359
Equity attributable to equity holders of the Company	381,825					43,778	425,603

Notes:

(1) The adjustment reflects the elimination of the carrying value of Golden Plaza on disposal and net cash received from the disposal. The net cash received is the difference of sale proceeds of HK$530,000,000 and the transaction costs of HK$8,950,000 estimated by management. The adjustment also reflects the reversal of deferred tax liability of HK$24,228,000 and additional provision of taxation of HK$1,500,000 in relation to the disposal of Golden Plaza.

According to the agreement signed between Apex Honour Limited and the Purchaser (the "Agreement"), upon 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 the Licence Agreement, as annexed to the Agreement, 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").

The unaudited pro forma assets and liabilities statement is prepared as if the Transactions had been completed, the obligations under the Licence Agreement, including the Installation, had been fulfilled as at 30 September 2006. Accordingly, the Put Option had not been exercised and the carrying value of the Upper Wall and the Lower Wall amounting to HK$12,200,000 has been derecognized in the unaudited pro forma assets and liabilities statement. In addition, licence fee and estimated Installation cost of HK$1,300,000 and HK$2,500,000 respectively have been included in the transaction costs of HK$8,950,000 accounted for.

(2) The adjustment reflects the reimbursement of rental receipt in advance and payment of government rent to the Purchaser of HK$211,000.

(3) The adjustment reflects the repayment of bank borrowings and related accrued interest for an aggregate amount of HK$158,255,000 in full in respect of the release of the pledge for Golden Plaza out of the proceeds received from the disposal.

(4) The adjustment reflects the transfer of rental deposits to the Purchaser of HK$8,717,000.

2. UNAUDITED PRO FORMA INCOME STATEMENT OF THE REMAINING GROUP UPON COMPLETION OF THE TRANSACTIONS

(A) Introduction

The unaudited pro forma income statement of the Remaining Group has been prepared to illustrate the effect of the Transactions.

The unaudited pro forma income statement of the Remaining Group has been prepared in accordance with Rule 4.29 of the Listing Rules for the purposes of illustrating the effects of the Transactions as if the Transactions had been completed and the obligations under the Licence Agreement had been fulfilled on 1 April 2006.

The unaudited pro forma income statement of the Remaining Group is based upon the condensed consolidated income statement of the Group for the six months ended 30 September 2006, which has been extracted from the condensed consolidated financial statements of the Group for the six months ended 30 September 2006 set out in Appendix II to this circular, after making pro forma adjustments relating to the Transactions that are (i) directly attributable to the Transactions; and (ii) expected to have a continuing impact on the Remaining Group; and (iii) factually supportable.

The unaudited pro forma income statement of the Remaining Group is based on a number of assumptions, estimates and uncertainties. Accordingly, the accompanying unaudited pro forma income statement of the Remaining Group does not purport to describe the actual results of the Remaining Group that would have been attained had the Transactions been completed and the obligations under the Licence Agreement had been fulfilled at 1 April 2006 or to predict the future results of the Remaining Group.

The unaudited pro forma income statement of the Remaining Group should be read in conjunction with the condensed consolidated financial statements of the Group for the six months ended 30 September 2006 set out in Appendix II to this circular and other financial information included elsewhere in this circular.

The statement has been prepared by the Directors for illustrative purposes only and because of its nature, it may not give a true picture of the results of the Remaining Group had the Transactions actually occurred and the fulfillment of the obligations under the Licence Agreement on 1 April 2006 or for any future period.

(B) Unaudited pro forma income statement

	The Group for the six months ended 30 September 2006	**Pro forma adjustments**		**Sub-total**	**Pro forma Remaining Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 1)	*(Note 2)*		
Turnover	26,147	(16,984)		(16,984)	9,163
Direct outgoings	(3,096)	3,096		3,096	–
Other revenue	2,663	(124)		(124)	2,539
Other net loss	(838)			–	(838)
Administrative expenses	(25,985)	570		570	(25,415)
Change in fair value of investment properties	41,300	(41,300)		(41,300)	–
Gain on disposal of investment properties	–	–	79,350	79,350	79,350
Share of profits of associates	147			–	147
Share of profits of jointly controlled entities	101			–	101
Finance costs	(11,941)	4,284		4,284	(7,657)
Profit before taxation	28,498			28,892	57,390
Income tax expense	(8,022)	7,228	(900)	6,328	(1,694)
Profit for the period	20,476			35,220	55,696

Notes:

1. The adjustment reflects the exclusion of income and expenses attributable to Golden Plaza for the six months ended 30 September 2006 as if the Transactions had been completed on 1 April 2006.

2. The adjustment reflects the gain on disposal of Golden Plaza of HK$79,350,000 and additional income tax expense arising from the disposal amounting to HK$900,000.

   The gain on disposal represents the sale proceeds of HK$530,000,000 after accounting for the following:

   (a) The carrying value of Golden Plaza of HK$458,700,000 based on the valuation of Golden Plaza as at 31 March 2006 as set out in the property valuation report issued by Knight Frank Petty Limited dated 6 July 2006.

   The unaudited pro forma income statement is prepared as if the Transactions had been completed, the obligations under the Licence Agreement, including the Installation, had been fulfilled as at 1 April 2006. Accordingly, the Put Option had not been exercised and the Upper Wall and Lower Wall had been disposed of.

   (b) The transaction costs estimated by management of HK$8,950,000 in connection with the Transactions, which included licence fee and estimated Installation cost of HK$1,300,000 and HK$2,500,000 respectively in connection with the fulfillment of the obligations under the Licence Agreement.

   (c) The reversal of the deferred tax liability carried at 31 March 2006 in relation to Golden Plaza of HK$17,000,000.

COMMENTARY ON UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE REMAINING GROUP

The following commentary on the Group refers to the unaudited pro forma consolidated balance sheet of the Group as included in this Appendix, assuming that the Property had been disposed of as at 30 September 2006.

BUSINESS REVIEW AND PROSPECTS

Financial services

Rongzhong Group Limited ("Rongzhong")

The Group had a 51% equity interest in Rongzhong, which carries out loan guarantee and pawn shop business in the PRC, as at 30 September 2006. For the six months ended 30 September 2006, the Group shared turnover (after outgoings) from Rongzhong and its subsidiaries ("Rongzhong Group") of approximately HK$9,163,000 and a loss of approximately HK$8,994,000 (for the six months ended 30 September 2005: HK$1,095,000 and HK$14,963,000 respectively) which was due to the reorganisation and relatively unambitious attitude of the PRC banks towards consumer finance business in 2005. However, the performance of loan guarantee business has been gradually improving since the third quarter of this year, the guaranteed loan size reached RMB86,961,000 in the single month of September 2006.

The Directors believe that with a well-recognised brand reputation and solid business network, Rongzhong is well positioned to expand related consumer finance business to other mainland cities when opportunities arise.

Goldbond Capital Holdings Limited ("Goldbond Capital")

As at 30 September 2006, the Group had a 20% equity interest in Goldbond Capital, which contributed a profit after tax of approximately HK$147,000 for the six months ended 30 September 2006. Goldbond Capital is principally engaged in the provision of investment and financial-related services, including but not limited to securities and futures trading, distribution and placement of listed and unlisted securities, financial advisory, initial public offering and asset management.

In light of the strengthened market confidence in Hong Kong, the introduction of QDII and the large-scaled fund raising exercise activities proposed by the PRC enterprises, the Directors take a positive attitude towards the financial market in Hong Kong and the PRC. During the period ended 30 September 2006, Goldbond Capital completed the initial public offer of shares in Winbox International (Holdings) Limited. Goldbond Capital also acted as placing agent for fund raising exercises, such as placement of shares of Orient Resources Group Company Limited. The Directors are of the view that Goldbond Capital will broaden its earning base in the financial industry and will contribute to the Group in the long run.

Property development and investment

Nanjing International Center, Nanjing

The Group's jointly controlled entity, Nanjing City Plaza Construction Co. Ltd., has a 67% equity interest in Nanjing International Group Limited ("NIG"), a joint stock limited liability company incorporated in the PRC which is developing Nanjing International Center ("NIC") in Nanjing, the PRC. NIC comprises a site area of approximately 32,000 square metres and is being developed by two phases. Phase I, comprising a shopping mall, a hotel, serviced apartments, luxury residential units and office premises with a total gross floor area of approximately 227,000 square metres, is expected to be completed by 2008. As at 30 September 2006, the superstructure work and curtain wall of Phase I was completed. The foundation work of Phase II is preliminarily scheduled to commence in 2007 with an expected total gross floor area of approximately 245,000 square metres, comprising another hotel, serviced apartments and office premises.

LIQUIDITY AND FINANCIAL RESOURCES

Under the assumption that the Property has been disposed of, as at 30 September 2006, the pro forma adjusted bank balances and cash of the Company was HK$397.5 million.

Pro forma adjusted Shareholders' equity amounted to HK$425.6 million and the ratio of non-current liabilities to Shareholders' equity was approximately 4%.

The net assets of the pro forma of the Remaining Group as at 30 September 2006 increased from HK$381.8 million to HK$425.6 million.

SHAREHOLDERS' STRUCTURE

There are no changes to the total issued share capital and shareholding structure of the Company as a result of the Disposal. The Company relied on internal resources and bank borrowings to provide liquidities.

BANK BORROWINGS

Taking into account the disposal of the Property and the assumption that out of the net sales proceeds from the Disposal of HK$530.0 million, HK$158.3 million to fully repay the mortgage loan and related interest in relation to the Property, the Group has pro forma adjusted interest-bearing borrowings amounted to about HK$133.5 million. If the Disposal had taken place on 30 September 2006, the Group's gearing ratio will be significantly decreased to 37.4% (per interim report as at 30 September 2006 before the Disposal: 53.8%) in terms of total liabilities of HK$253.9 million (per interim report as at 30 September 2006 before the Disposal: HK$443.8 million) and total assets HK$679.5 million (per interim report as at 30 September 2006 before the Disposal: HK$825.6 million).

EMPLOYEES INFORMATION

As at the Latest Practicable Date, the Company had approximately 600 employees, the remuneration packages of whom are being reviewed annually with reference to the prevailing job market condition. Details of staff costs including directors' remuneration are set out in Notes 5 and 7 to the annual report of the Company for the financial year ended 31 March 2006 as annexed in Appendix II to this circular.

Share option scheme and incentive schemes are adopted to encourage personal commitment of employees to achieve the Group's business goals. Details of the employees share option scheme are set out in Note 28 to the annual report of the Company for the financial year ended 31 March 2006 as annexed in Appendix II to this circular.

CHARGES ON GROUP ASSETS

As at 30 September 2006, a substantial portion of investment properties of the Group were pledged to a bank to secure credit facilities granted to the Group; and all the Group's properties were pledged to a bank to secure credit facilities granted to the Group.

As at 30 September 2006, assuming that the Property had been disposed and mortgage relating to the Property had been repaid, the Group's remaining properties in the PRC, assets of Rongzhong Group Limited, the equity interest in Nanjing City Plaza Construction Co., Ltd and certain current assets of the Group were pledged to banks to secure credit facilities granted to the Group and its jointly controlled entity.

Set out below are the text of the letter and valuation report received by the Company from Knight Frank Petty Limited, an independent firm of registered professional surveyors, prepared for the purpose of incorporation into this circular, of their valuation of the Property as at 26 February 2007.

Knight Frank 萊坊

4/F Shui On Centre
6-8 Harbour Road
Wanchai, Hong Kong

28 March 2007

Goldbond Group Holdings Limited
Unit 3901A, 39th Floor, Tower 1
Lippo Centre
89 Queensway
Admiralty
Hong Kong

Dear Sirs,

Various Shop Units on Basement, Ground, First, Second and Third Floors, The Lower Part and Upper Part of the Exterior Walls, Golden Plaza, Nos 745 – 747 Nathan Road, Mong Kok, Kowloon

We refer to your instructions for us to assess the market value of the captioned property as at 26 February 2007 for the purpose of inclusion in a public circular. We confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of these properties in accordance with the requirements in HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors and in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and entitles us to make assumptions which may upon further investigations, for instance by your legal representative, prove to be inaccurate or untrue. Any exception is clearly stated below and/or therein the report.

Our valuation is our opinion of the "Market Value" which we would define as intended to mean the estimated amount for which a Property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a Property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

Our valuation is at current market levels and could, therefore, include a speculative element that might not be realisable upon forced sale.

In valuing the property which is held for investment, we generally have made reference to sales evidence as available on the market and where appropriate on the basis of capitalisation of the net income shown on schedules handed to us. We have allowed for outgoings and in appropriate cases made provisions for reversionary income potential.

Whilst we have taken every care to investigate the title to the property, including the examination of the Government lease or other document of title, and have checked incumbrances registered against the title, we do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of your legal advisers. Neither have we verified the correctness of any information supplied to us concerning this property, whether in writing or verbally, by yourselves or your legal advisers or by any (or any apparent) occupier of the property or contained on the register of title.

We have relied to a very considerable extent on information given by you and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, lettings, occupancy, floor area and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to use and are therefore only approximations.

We were not instructed to undertake any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the property. Our valuation has therefore been undertaken on the basis that the property is in satisfactory repair and condition and contains no deleterious materials and that services function satisfactorily.

No allowance has been made in our report for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from incumbrances, restrictions and outgoings of an onerous nature which could affect value.

Conversion factors used in this report are: 1 square metre = 10.764 square feet and 1 metre = 3.2808 feet.

Our Valuation Report is herein attached.

Yours faithfully,
For and on behalf of
Knight Frank Petty Limited
Alex S L Ng
MRICS MHKIS RPS (GP)
Executive Director

Note: Mr Alex S L Ng has been a qualified valuer with Knight Frank Petty Limited since November 1995 and has 21 years' experience in the valuation of properties in Hong Kong and has been involved in the valuation of properties in the People's Republic of China and Asia Pacific region since 1988.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market Value in its existing state as at 26 February 2007
Various Shop Units on Basement, Ground, First, Second and Third Floors, The Lower Part and Upper Part of the Exterior Walls, Golden Plaza, Nos. 745 – 747 Nathan Road, Mong Kok, Kowloon 23,471/27,452nd shares of and in Section A, Section B and the Remaining Portion of Kowloon Inland Lot No. 2087 and Kowloon Inland Lot No. 2169.	Golden Plaza is a composite commercial/residential building comprising a 10-storey residential block surmounting a 5-storey commercial podium (including a basement) completed in 1980. The property comprises various shop units on the Basement to 3rd Floors of commercial podium of Golden Plaza with a total gross floor area of approximately 4,043.77 square metres (43,527 square feet). The property also comprises the exterior walls of the building. The particulars of the property are as follows:	According to the tenancy schedule as provided to us, except Shop B07 on Basement being used as information counter on rent free basis, Shop G04 on Ground Floor being converted into a disabled platform lift and Shop G1B and the Exterior Walls which were vacant, the remaining portions of the property are let under various tenancies mainly for terms of one to three years with the latest expiry date on 31 December 2009 at a total monthly rental income of approximately HK$2,982,000 all inclusive of rates and management fees.	HK$525,000,000

Floor	No of Existing Shop Units	Gross Floor Area *(sq.m.)*	*(sq.ft.)*
Basement	25	811.41	8,734
Ground	34	891.68	9,598
First	40	851.08	9,161
Second	37	751.77	8,092
Third	33	737.83	7,942
Total	169	4,043.77	43,527

Kowloon Inland Lot Nos. 2087 and 2169 are held under two Government leases for a term of 75 years renewable for a further term of 75 years commencing from 2 May 1927 and 28 January 1929 respectively.

The total government rent payable for Sections A, B and the Remaining Portion of Kowloon Inland Lot No. 2087 and Kowloon Inland Lot No. 2169 is HK$708,794 per annum.

Notes:

(1) The registered owners of the property are Perfect Manor Limited (for Shop Units on Basement to Third Floors of the commercial podium), Apex Honour Limited (for Lower Part of the Exterior Walls) and Metro Fair Investments Limited (for Upper Part of the Exterior Walls).

(2) As per the record of the Land Registry, the property comprises the whole of the Basement (Shop B1 to B9), Shops G1A, G1B, G1C, G2, G2A, G3, G3A, G4, G5, G6, G7, G8, G9, G10, G11, G12, G13, G14, G15, G15A, G16, G16A, G17, G17A, G17B, G18, G18A, G19, G19A, G20, G21, G22, G23, G23A, G24, G24A, G25, G25A, G26, G26A, G27, G27A and G28 on the Ground Floor, Shops 101, 102, 103, 104, 107, 109, 110, 111, 112, 113, 114, 114A, 115, 116, 116A, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 136A, 136B, 137, 137A, 138, 139, 140, 141 on the First Floor, Shops 201, 202, 203, 204, 205, 206, 207, 210, 211, 212, 213, 214, 214A, 215, 216, 216A, 217, 220, 221, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 236, 236A, 236B, 237, 237A, 239, 240 on the Second Floor and Shops 301, 302, 303, 305, 306, 307, 308, 309, 311, 312, 313, 314, 315, 316, 317, 319, 320, 322, 323, 324, 325, 328, 329, 330, 331, 333, 334, 335, 336, 336A, 337, 338 and 339 on the Third Floor and the Upper Part and Lower Part of the Exterior Walls of the building.

(3) The property (except for Shop Units 123, 124 and the Upper Part of the Exterior Walls) is subject to a mortgage and a rental assignment both in favour of The Hongkong and Shanghai Banking Corporation.

(4) The breakdown of our valuation is set out below:

Shop Units (Except for Shop Units 123 and 124)	HK$505,500,000
Shop Units 123 and 124	HK$ 4,500,000
Lower Part of the Exterior Walls	HK$ 15,000,000
Upper Part of the Exterior Walls	No Commercial Value
Total:	HK$525,000,000

(5) The property is zoned for “Commercial” under Mongkok Outline Zoning Plan No. S/K3/24 dated 9 May 2006.

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 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)*	29.77%
Mr. Kee Wah Sze ("Mr. Kee")	Corporate	405,889,643 *(Note 2)*	24.30%
Mr. Ding Chung Keung, Vincent ("Mr. Ding")	Personal	2,600,000	0.16%
Mr. Melvin Jitsumi Shiraki ("Mr. Shiraki")	Personal	2,100,000	0.13%

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 as to 67,001,300 Shares by Canasia Profits Corporation (which is wholly owned by Mr. Kee) and as to 338,888,343 Shares by Ace Solomon Investments Limited (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 respective shareholding interests in Canasia Profits Corporation and Ace Solomon Investments Limited.

(ii) Interests in underlying Shares pursuant to convertible notes

Name of Director	**Nature of interest**	**Underlying Shares pursuant to convertible notes**	**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 notes)** *(Note 3)*
Mr. Wong	Corporate	411,764,705 *(Note 1)*	5 August 2004	HK$0.170	5 August 2004 to 3 August 2007	17.79%
Mr. Kee	Corporate	232,558,140 *(Note 2)*	31 December 2004	HK$0.129	31 December 2004 to 3 August 2007	10.05%

Notes:

1. The convertible note was held by Wah Link Investments Limited, a company owned as to 99.9996% by Golden Cloud Holdings Group Limited and 0.0004% by Gold Choice Management Limited. Each of Golden Cloud Holdings Group Limited and Gold Choice Management Limited is directly owned as to 51% by Mr. Wong Yu Hung, Davy, a family member of Mr. Wong, and 49% by Mrs. Wong. Mr. Wong was taken to be interested in the underlying Shares under the SFO.

2. The convertible note was held by Goldbond Capital Investment Holdings Limited, 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% by Central Executive Limited (which is wholly owned by Mr. Wong). Mr. Kee was taken to be interested in the underlying Shares under the SFO.

3. Assuming the aforesaid convertible notes but no other option or convertible notes (if any) are being 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	16,000,000	8 November 2004	HK$0.148	1 January 2007 to 7 November 2014
		8,000,000	7 July 2006	HK$0.21	1 January 2010 to 6 July 2016
Mr. Kee	Personal	16,000,000	8 November 2004	HK$0.148	1 January 2007 to 7 November 2014
Mr. Lan Ning	Personal	16,000,000	8 November 2004	HK$0.148	1 January 2007 to 7 November 2014
Mr. Wong	Personal	16,000,000	8 November 2004	HK$0.148	1 January 2007 to 7 November 2014
Mr. Ip Yin Wah	Personal	1,600,000	29 July 2005	HK$0.132	1 January 2007 to 28 July 2015
Mr. Ma Ho Fai JP	Personal	1,600,000	29 July 2005	HK$0.132	1 January 2007 to 28 July 2015
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 in Goldbond Capital Holdings Limited	Percentage of the issued share capital
Mr. Kee	Corporate	75,000,000	50%

All the interests stated above represent long positions.

B. Substantial shareholders of the Company

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	29.77%
Mrs. Wong	497,232,000 *(Note 2)*	29.77%
Mrs. Kee Yip Yue Lin, Loolina (“Mrs. Kee”)	405,889,643 *(Note 3)*	24.30%
Ace Solomon Investments Limited *(Note 4)*	338,888,343	20.29%

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. Mrs. Kee was taken to be interested in such Shares under the SFO by virtue of her spouse, Mr. Kee’s shareholding interests in Canasia Profits Corporation and Ace Solomon Investments Limited. Out of those Shares, 338,888,343 Shares were held by Ace Solomon Investments Limited *(Note 4)*.

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

(ii) Interests in underlying Shares pursuant to convertible notes

Name	Underlying Shares pursuant to convertible notes 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 notes) *(Note 3)*
Wah Link Investments Limited	411,764,705 *(Note 1)*	5 August 2004	HK$0.170	5 August 2004 to 3 August 2007	17.79%
Golden Cloud Holdings Group Limited	411,764,705 *(Note 1)*	5 August 2004	HK$0.170	5 August 2004 to 3 August 2007	17.79%
Mrs. Wong	411,764,705 *(Note 1)*	5 August 2004	HK$0.170	5 August 2004 to 3 August 2007	17.79%
Mr. Wong Yu Hung, Davy	411,764,705 *(Note 1)*	5 August 2004	HK$0.170	5 August 2004 to 3 August 2007	17.79%
Goldbond Capital Investment Holdings Limited	232,558,140 *(Note 2)*	31 December 2004	HK$0.129	31 December 2004 to 3 August 2007	10.05%
Legend (Asia Pacific) Investment Limited	232,558,140 *(Note 2)*	31 December 2004	HK$0.129	31 December 2004 to 3 August 2007	10.05%
Grace Honour Limited	232,558,140 *(Note 2)*	31 December 2004	HK$0.129	31 December 2004 to 3 August 2007	10.05%
Mrs. Kee	232,558,140 *(Note 2)*	31 December 2004	HK$0.129	31 December 2004 to 3 August 2007	10.05%

Notes:

1. The convertible note was held by Wah Link Investments Limited, a company owned as to 99.9996% by Golden Cloud Holdings Group Limited and 0.0004% by Gold Choice Management Limited. Each of Golden Cloud Holdings Group Limited and Gold Choice Management Limited is directly owned as to 51% by Mr. Wong Yu Hung, Davy, a family member of Mr. Wong and as to 49% by Mrs. Wong. Each of Golden Cloud Holdings Group Limited, Mrs. Wong and Mr. Wong Yu Hung, Davy was respectively taken to have an interest in the underlying Shares under the SFO.

2. The convertible note was held by Goldbond Capital Investment Holdings Limited, 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% by Central Executive Limited (which is wholly owned by Mr. Wong). Each of Legend (Asia Pacific) Investment Limited, Grace Honour Limited and Mrs. Kee (the spouse of Mr. Kee) was taken to have an interest in the underlying Shares under the SFO.

3. Assuming the aforesaid convertible notes but no other option or convertible notes (if any) are being 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. Kee	Family *(Note 1)*	16,000,000	8 November 2004	HK$0.148	1 January 2007 to 7 November 2014
Mrs. Wong	Family *(Note 2)*	16,000,000	8 November 2004	HK$0.148	1 January 2007 to 7 November 2014

Notes:

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

2. 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 positions.

(iv) Interests in other members of the Group

Name of members of the Group	Name	Capacity	Shareholding percentage
Rongzhong Group Limited	Mr. Xie Xiao Qing	Beneficial owner	44%

C. 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 of the Company 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 Investments Limited	Director
	Grace Honour Limited	Director
	Goldbond Capital Investment Holdings Limited	Director
	Legend (Asia Pacific) Investment Limited	Director
Mr. Wong	Ace Solomon Investments Limited	Director
	Allied Luck Trading Limited	Director
	Grace Honour Ltd	Director
	Goldbond Capital Investment Holdings Limited	Director
	Golden Cloud Holdings Group Limited	Director
	Legend (Asia Pacific) Investment Limited	Director
Miss Wong, Michelle Yatyee	Wah Link Investments Ltd	Director
	Golden Cloud Holdings Group Limited	Director

D. Pursuant to a tenancy agreement dated 18 April 2005, the Company leased a property as its office at a monthly consideration of HK$68,000 (exclusive of management fees, rate, government rent and operating expenses) for two years commencing from 24 April 2005. The properties are owned by a company that is beneficially owned by Mrs. Wong and a close relative of Mr. Wong and have been used by the Company since June 2004. Further details of the tenancy agreement have been set out in the announcement of the Company dated 19 April 2005.

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 is a company owned as to 20% by Flourish Global Limited (a wholly owned subsidiary of the Company), as to 50% by Goldbond Capital Investment Holdings Limited (a company indirectly owned as to 90% by Mr. Kee Wah Sze and 10% by Mr. Wong Yu Lung, Charles, both Directors), 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.

Pursuant to a tenancy agreement dated 28 April 2006, Rongzhong Group Limited leased a property as its office at a monthly consideration of HK$22,000 (exclusive of management fees, rates, government rent and operating expenses) for two years commencing from 1 May 2006. The properties are owned by a company that is 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.

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 2006, 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 or arbitration of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

6. MATERIAL ADVERSE CHANGE

Save as disclosed in this circular, as at the Latest Practicable Date, the Directors confirm there was no material adverse change in the financial or trading position of the Group since 31 March 2006, the date to which the latest published audited consolidated financial statements of the Company were made up.

7. MATERIAL CONTRACTS

Within the two years immediately preceding the issue 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 agreement dated 17 May 2005 entered into between the Company, 南京國際集團股份有限公司 (for identification purpose, in English, Nanjing City Plaza Construction Co. Ltd.) and a lending bank in relation to, among others, certain undertakings provided by the Company to such lending bank and/or Nanjing City Plaza Construction Co. Ltd.;

(b) the agreement dated 17 May 2005 entered into between Perfect Honour Limited (a wholly owned subsidiary of the Company) as lender and Rongzhong Group Limited as borrower in respect of the loan of up to HK$17 million advanced by Perfect Honour Limited to Rongzhong Group Limited;

(c) the GCHL Revolving Facility Agreement;

(d) S&P Agreements (including the Rental Guarantee Agreement and the Licence Agreement annexed thereto);

(e) the agreement dated 18 March 2007 entered into between the Company as vendor and Bateson Investment Limited as purchaser in respect of the sale of the entire issued share capital of, and loan to, Sino Dynasty Investments Limited (a wholly-owned subsidiary of the Company); and

(f) the agreement dated 20 March 2007 entered into between Perfect Honour Limited (a wholly owned subsidiary of the Company) as subscriber and Rongzhong Group Limited as issuer in respect of a share subscription.

8. EXPERT

(a) The following is the qualification of the experts which have given its report, opinion or advice which is contained in this circular:

Name	**Qualifications**
Deloitte Touche Tohmatsu ("DTT")	Certified Public Accountants
Knight Frank Petty Limited ("KFPL")	Registered Professional Surveyors

(b) As at the Latest Practicable Date, neither DTT nor KFPL had any direct or indirect shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) Each of DTT and KFPL has respectively given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.

(d) Neither DTT nor KFPL has any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2006, the date to which the latest published audited financial statements of the Company were made up.

(e) The letter from each of DTT and KFPL is given as of the date of this circular for incorporation herein.

9. 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 Ms. Lin Fung Yi, 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 Unit 3901A, 39th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at Unit 3901A, 39/F, Tower 1, 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 17 April 2007:

(a) the memorandum and association and the bye-laws of the Company;

(b) the audited consolidated financial statement of the Company and its subsidiaries for the two financial years ended 31 March 2006;

(c) the unaudited consolidated financial statement of the Company and its subsidiaries for the six months ended 30 September 2006;

(d) the letter, valuation certificate and valuation report prepared by KFPL;

(e) the letters of consents referred to under the paragraph headed "Expert" in this appendix;

(f) the material contracts referred to under the paragraph headed "Material contracts" in this appendix;

(g) the report from DTT on the pro forma financial information on the Remaining Group as set out in appendix III to this circular; and

(h) this circular issued pursuant to the requirements set out in Chapters 14 and/or 14A which has been issued since the date of the latest published audited accounts.

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 shareholders of Goldbond Group Holdings Limited (the "Company") will be held at 10:00 a.m. on 17 April 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**:

(1) the conditional agreement dated 26th February 2007 (the "Shops SP Agreement") made between (1) Perfect Manor Limited ("Perfect Manor"), an indirect wholly-owned subsidiary of the Company, and (2) Bliss Investments Ltd. ("Purchaser"), whereby, inter alia, Perfect Manor conditionally agreed to sell to the Purchaser the following shop units in the building known as "GOLDEN PLAZA" at Nos.745-747 Nathan Road, Kowloon, Hong Kong ("Golden Plaza"):

shops B1, B2, B3, B4, B5, B6, B7, B8 and B9 at Basement, Shops G1A, G1B, G1C, G2, G2A, G3, G3A, G4, G5, G6, G7, G8, G9, G10, G11, G12, G13, G14, G15, G15A, G16, G16A, G17, G17A, G17B, G18, G18A, G19, G19A, G20, G21, G22, G23, G23A, G24, G24A, G25, G25A, G26, G26A, G27, G27A and G28 on Ground Floor, shops 101, 102, 103, 104, 107, 109, 110, 111, 112, 113, 114, 114A, 115, 116, 116A, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 136A, 136B, 137, 137A, 138, 139, 140 and 141 on First Floor, shops 201, 202, 203, 204, 205, 206, 207, 210, 211, 212, 213, 214, 214A, 215, 216, 216A, 217, 220, 221, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 236, 236A, 236B, 237, 237A, 239 and 240 on Second Floor and shops 301, 302, 303, 305, 306, 307, 308, 309, 311, 312, 313, 314, 315, 316, 317, 319, 320, 322, 323, 324, 325, 328, 329, 330, 331, 333, 334, 335, 336, 336A, 337, 338 and 339 on Third Floor of Golden Plaza (collectively, the "Shops"), at the cash consideration of HK$515,000,000, a copy whereof marked "A" and signed by the Chairman of the Extraordinary General Meeting for the purpose of identification has been submitted to the Extraordinary General Meeting, and the disposal of the Shops thereunder be and are hereby approved and ratified and the directors of the Company be and are hereby authorized to:

(a) sign, execute, perfect, deliver and do, for and on behalf of the Company:

(i) upon completion of the sale of the Shops under the Shops SP Agreement, pursuant to and in accordance with the terms of the Shops SP Agreement, a rental guarantee and indemnity to be entered into between (1) Perfect Manor; (2) the Purchaser and (3) the Company (the "Rental Guarantee and Indemnity"), whereby, inter alia, Perfect Manor will guarantee to the Purchaser in respect of the total amount of the rental income of the Shops during the period of three months following such completion and the Company will guarantee the performance of the obligations and liabilities of Perfect Manor under the Rental Guarantee and Indemnity, upon and subject to the terms and conditions set out in the final draft thereof attached to and forming part of the Shops SP Agreement; and

(ii) all such documents, deeds, acts, matters and things as they may consider necessary or desirable for the purpose of or in connection with the implementation or carrying into effect of the disposal of the Shops and all and any of the provisions of the Shops SP Agreement and the Rental Guarantee and Indemnity or either of them and all and any transactions incidental thereto or thereby contemplated respectively; and

(b) make agree, for and on behalf of the Company, such variations of a non-material nature in the terms of the Shops SP Agreement and the Rental Guarantee and Indemnity or either of them as they consider to be desirable and in the interests of the Company; and

(2) the conditional agreement dated 26th February 2007 (the "Upper Exterior Wall SP Agreement") made between (1) Metro Fair Investments Limited ("Metro Fair"), an indirect wholly-owned subsidiary of the Company, and (2) Bliss Investments Ltd. ("Purchaser"), whereby, inter alia, Metro Fair conditionally agreed to sell to the Purchaser the Upper Exterior Walls of Golden Plaza as more particularly set out therein (the "Upper Exterior Wall"), at the cash consideration of HK$1, a copy whereof marked "B" and signed by the Chairman of the Extraordinary General Meeting for the purpose of identification has been submitted to the Extraordinary General Meeting, and the disposal of the Upper Exterior Wall thereunder be and are hereby approved and ratified and the directors of the Company be and are hereby authorized to:

(a) sign, execute, perfect, deliver and do, for and on behalf of the Company all such documents, deeds, acts, matters and things as they may consider necessary or desirable for the purpose of or in connection with the implementation or carrying into effect of the disposal of the Upper Exterior Wall and all and any of the provisions of the Upper Exterior Wall SP Agreement and all and any transactions incidental thereto or thereby contemplated; and

(b) make agree, for and on behalf of the Company, such variations of a non-material nature in the terms of the Upper Exterior Wall SP Agreement as they consider to be desirable and in the interests of the Company; and

(3) the conditional agreement dated 26th February 2007 (the "Lower Exterior Wall SP Agreement") made between (1) Apex Honour Limited ("Apex Honour"), an indirect wholly-owned subsidiary of the Company, and (2) Bliss Investments Ltd. ("Purchaser"), whereby, inter alia, Apex Honour conditionally agreed to sell to the Purchaser the Lower Exterior Walls of Golden Plaza as more particularly set out therein (the "Lower Exterior Wall"), at the cash consideration of HK$15,000,000, a copy whereof marked "C" and signed by the Chairman of the Extraordinary General Meeting for the purpose of identification has been submitted to the Extraordinary General Meeting, and the disposal of the Lower Exterior Wall thereunder be and are hereby approved and ratified and the directors of the Company be and are hereby authorized to:

(a) sign, execute, perfect, deliver and do, for and on behalf of the Company:

(i) upon completion of the sale of the Lower Exterior Wall under the Lower Exterior Wall SP Agreement, pursuant to and in accordance with the terms of the Lower Exterior Wall SP Agreement, a licence agreement to be entered into between (1) the Purchaser; (2) Perfect Manor and (3) the Company (the "Licence Agreement"), whereby, inter alia, the Purchaser will grant and Perfect Manor will take up a licence to use part of the Upper Exterior Wall and part of the Lower Exterior Wall as more particularly set out therein for a term of two years following such completion and the Company will guarantee the performance of the obligations and liabilities of Perfect Manor under the Licence Agreement, upon and subject to the terms and conditions set out in the final draft thereof attached to and forming part of the Lower Exterior Wall SP Agreement; and

(ii) all such documents, deeds, acts, matters and things as they may consider necessary or desirable for the purpose of or in connection with the implementation or carrying into effect of the disposal of the Lower Exterior Wall and all and any of the provisions of the Lower Exterior Wall SP Agreement and the Licence Agreement or either or them and all and any transactions incidental thereto or thereby contemplated respectively; and

(b) make agree, for and on behalf of the Company, such variations of a non-material nature in the terms of the Lower Exterior Wall SP Agreement and the Licence Agreement or either or them as they consider to be desirable and in the interests of the Company."

By Order of the Board
Kelly Li
Company Secretary

Hong Kong, dated 28 March 2007

Registered office:
Unit 3901A, Tower 1
Lippo Centre
89 Queensway
Hong Kong

Notes:

1. Any member 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 member 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 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting, or any adjournment thereof, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, 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 at the meeting or any adjourned meeting thereof. In that event, such form of proxy will be deemed to have been revoked.

4. In the case of joint holders of a share, any one of such holders may vote at the meeting either in person or by proxy in respect of such share, but if one of such joint holders is present at the meeting personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the other joint holder(s) and for this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of the joint holders.