GOLDBOND GROUP HOLDINGS LIMITED
金 榜 集 團 控 股 有 限 公 司

(incorporated in Hong Kong with limited liability)

(Stock code: 172)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

The board of directors (the "Directors") of Goldbond Group Holdings Limited (the "Company") (collectively referred to as the "Board") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2006 together with the comparative figures. The results have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu and by the Company's audit committee.

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			
Loan to associate		**8**	40,260
Amounts due from jointly controlled entities		**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		**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		**64,496**	62,074
Convertible notes		**92,882**	–
Financial guarantee contracts		**61**	306
		258,441	134,531
Net current (liabilities) assets		**(74,745)**	20,209
Total assets less current liabilities		**567,175**	619,543

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	**159,218**	151,006
Convertible notes	**–**	88,904
Redeemable convertible preference shares	**1,280**	1,194
Deferred taxation	**24,228**	17,000
Amounts due to minority shareholders	**–**	3,194
Financial guarantee contracts	**624**	731
	185,350	262,029
	567,175	619,543

Notes

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "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 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 (Originally stated) *HK$'000*	**Adjustment** *HK$'000*	**As at 1 April 2006 (Restated)** *HK$'000*
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*
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 *HK$'000* **(Unaudited)**	1 April 2005 to 30 September 2005 *HK$'000* (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 (30 September 2005: HK$2,876,000) 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. 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

RESULTS AND DIVIDEND

Turnover of the Group for the six months ended 30 September 2006 was approximately HK$26,147,000 (for the six months ended 30 September 2005: HK$16,439,000), an increase of 59% over the same period of last year mainly due to the increase in income from consumer finance business in 2006. The increase in fair value of the Group's investment properties and the operating profit from leasing of investment properties were partly offset by the loss from consumer finance business, resulting in a profit after tax of approximately HK$20,476,000 (for the six months ended 30 September 2005: HK$1,486,000).

The Board did not recommend the payment of dividend in respect of the results for the six months ended 30 September 2006 (for the six months ended 30 September 2005: HK$nil).

BUSINESS REVIEW

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

Property development and investment

Golden Plaza, Hong Kong

The rental income derived from Golden Plaza in Hong Kong (after outgoings) for the period under review was approximately HK$13,888,000 (for the six months ended 30 September 2005: HK$12,396,000), an increase of 12% over last year. Golden Plaza is a well established niche market for wedding businesses. The Group owns more than 90% in aggregate from the basement to the 3rd floor of Golden Plaza. As at 30 September 2006, more than 98% of the total gross floor area of Golden Plaza had been rented. It is expected that Golden Plaza will continue to generate stable income with attractive rental yield to the Group in the foreseeable future.

As at 30 September 2006, the market value of Golden Plaza as revalued by independent professional valuers was HK$500,000,000.

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 meters and is being developed by two phases. Phase I, comprising a shopping mall, Novotel hotel, serviced apartments, luxury residential units and office premises with a total gross floor area of approximately 227,000 square meters, 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 meters, comprising Westin hotel, serviced apartments and office premises.

Financial services

Rongzhong Group Limited ("Rongzhong")

The Group had a 51% equity interest in Rongzhong 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 reorganization 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.

1. Loan guarantee

   At present, Rongzhong Group carries on loan guarantee business in seven cities in the PRC, namely Chengsha, Chengdu, Chongqing, Wuhan, Guangzhou, Nanjing and Hangzhou, principally engaging in the provision of guarantee and related services for individuals in relation to the following major types of loans: (1) consumable purchase; (2) educational fund; (3) residential renovation; (4) travel and wedding; (5) mobile phones; (6) motor vehicle;

(7) real estate property; and (8) sole proprietor working capital. The total guarantee amount of Rongzhong Group granted during the period under review amounted to approximately RMB244,445,000 (for the six months ended 30 September 2005: RMB111,000,000).

2. Pawn shop

   Ronzhong was granted a pawn shop license in Wuhan, the PRC by the Ministry of Commerce of the PRC in January 2006. The pawn shop was opened in March 2006 and is engaged in the provision of secured consumer finance to customers. The types of collateral that are approved under 典當管理辦法 (the "Dian Dang Administration Rules") include, but not limited to, motor vehicles, real estate properties, machines, financial instruments and jewellery etc. Under the Dian Dang Administration Rules, incomes generated from the pawn shop loans comprise of interest and handling fee. Interest income is determined with reference to the respective interest rate quoted from time to time by The People's Bank of China and the handling fees are charged at up to 4.2% per month. Total loans granted by Wuhan pawn shop amounted to more than RMB80,000,000 during the six months ended 30 September 2006. Traditionally, loan demand from the consumer market will be even higher around the Chinese Lunar New Year.

3. Credit cards

   To capitalize on the existing platform and network, Rongzhong had lined up with China Merchants Bank ("CMB") to issue credit cards with installment loan feature from August 2006 in three of Rongzhong's operating cities, namely: Chengdu, Wuhan and Hangzhou. Currently, it is at the trial stage for CMB and Rongzhong to get adapted to each other's business flow, to explore co-operating merchants and to develop an information technology platform specifically for this co-operation. Depending on the results of the trial stage, Rongzhong plans to introduce a co-branded credit card with CMB in all the operating cities when the service is formally launched.

Equipped with a well-recognised brand reputation and solid business network, Rongzhong will continue 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 during the period under review. 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, 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.

Material acquisition

In September 2006, Rongzhong entered into an acquisition agreement (the "Acquisition Agreement") with independent third parties. Pursuant to the Acquisition Agreement, Rongzhong shall purchase the entire equity interest in Shen Nong Jia Zhiyue Mining Company Limited ("Zhiyue") at a consideration of RMB30,000,000. Zhiyue currently owns the exploration rights to a natural phosphorous mine located at Hubei Province, the PRC with area of approximately 8.22 square kilometers. Phosphate rock is an important commercial source of phosphorus, which is used in applications such as production of fine china, laundry detergents and most importantly, the production of phosphate fertilizers for agricultural uses. The completion of the acquisition is subject to the fulfillment or, as the case may be, waiver of all conditions precedent as set out in the Company's announcement dated 8 September 2006.

Prospects

In view of the substantial growth in the economy of Hong Kong and the PRC, the Group shall maintain a stable growth momentum in its strategic developments in property and finance industries with proactive approach. Looking ahead, the Group shall seek for new potential investments and on the other hand, maintain effective cost control measures to enhance the shareholders' return.

FINANCIAL REVIEW

Liquidity and capital resources

As at 30 September 2006, the Group had secured mortgage borrowings of HK$157,793,000 (31 March 2006: HK$164,580,000) which bear interest with reference to HIBOR (Hong Kong Interbank Offered Rate) or the best lending rate offered by the Group's principal bank and will be repayable by installments till 2013. The Group has other secured banking facilities of HK$116,000,000 and RMB90,000,000 in aggregate (31 March 2006: HK116,000,000) granted by several banks in Hong Kong and the PRC, which were secured by the properties, pledged deposits of approximately US$2,646,000 and RMB800,000, a floating charge over the assets of a subsidiary of the Company, corporate guarantee and certain properties of related companies. All these secured banking facilities bear interest with reference to the HIBOR and rate offered by the People's Bank of China and were utilized up to HK$32,000,000 and RMB34,600,000 as at 30 September 2006 (31 March 2006: HK$48,500,000).

As at 30 September 2006, the Group had amounts due to a related company in the principal amount of US$2,500,000, HK$23,400,000 and RMB5,000,000 respectively (31 March 2006: HK$20,000,000 and RMB5,000,000), which bear interest with reference to the best lending rates offered by the Group's principal banks in Hong Kong and the federal reserve target rate offered by the Federal Open Market Committee of the United States of America, and are unsecured and repayable in 2006. Besides, the Group had amounts due to minority shareholders in the principal amount of RMB15,000,000 and HK$3,000,000 respectively (31 March 2006: RMB15,000,000 and HK$3,000,000), which bear interest with reference to the best lending rates offered by the Group's principal banks, and are unsecured and repayable in 2006 and 2007 respectively. At present, the Group has not used any derivative to hedge against the interest rate risk exposure.

On 5 August 2004, the Company issued convertible notes with a nominal value of HK$70,000,000 to a related company with a maturity date on 5 August 2007. The notes are interest free and 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 another related company with a maturity date on 5 August 2007. The notes are interest free and 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. As at 30 September 2006, the liability component amounted to HK$92,882,000 (31 March 2006: HK$88,904,000).

The Group had maintained adequate liquidity with cash and bank balances of HK$43,584,000 (31 March 2006: HK$26,292,000). The gearing ratio as at 30 September 2006, measured as total liabilities to total assets, was 53.75% (31 March 2006 (restated): 52.59%).

The Group's transaction and monetary assets are principally denominated in Hong Kong dollars, United States dollars and Renminbi. In view of the relatively stable exchange rates of Renminbi to Hong Kong dollar and Hong Kong's linked exchange rate system, the Group's exposure to foreign exchange risk remained low.

Charges on the Group's assets

As at 30 September 2006, the bank loans and banking facilities granted to the Group were secured by:

(i) legal charges over properties with carrying values of approximately HK$503,553,000 (31 March 2006: HK$454,900,000);

(ii) an assignment of the rental income derived therefrom;

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

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

(v) deposits of approximately US$2,646,000 and RMB800,000 respectively (31 March 2006: US$2,597,000).

As at 30 September 2006, the guarantee facilities granted to the Group was secured by the security deposits in an aggregate of approximately HK$42,798,000 (31 March 2006: HK$18,848,000).

As at 30 September 2006, the bank loans and banking facilities granted to the Group's jointly controlled entity were secured by:

(i) the Group's 25% equity interest in the jointly controlled entity, Nanjing City Plaza Construction Co., Ltd; and

(ii) the assignment of dividends, profits and other monies derived therefrom.

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.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2006, the Group's total number of staff was approximately 690 in Hong Kong and the PRC. The Group remunerates its employees based on their performance, experience and prevailing industry practices. Other benefits offered to the employees include medical insurance, retirement scheme and training subsidies. In addition, the Group has set up a share option scheme for the purpose of providing incentives to the eligible employees.

AUDIT COMMITTEE

The audit committee has met three times throughout the period ended 30 September 2006 (the "Period") and reviewed the accounting principles and practices adopted by the Group. It also discussed auditing, internal control and financial reporting matters including review of the unaudited interim report for the Period with the management and the auditors of the Company, Deloitte Touche Tohmatsu. The terms of reference of the Audit Committee were modified in March 2005 and have been included on the Company's website.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

CORPORATE GOVERNANCE

The Company complied the principles and fully complied with all requirements set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the Period except for the following deviations:

(i) code provision A.2.1 states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Currently, Mr. Wong Yu Lung, Charles, being the deputy chairman and the chief executive officer of the Company, oversees the management of the Board and the Group's business with the assistance of other executive directors. Thus, there is a deviation from such provision. To ensure compliance with the Code, the Board is considering an appropriate appointment of a chairman of the Company; and

(ii) code provision A.4.2 states that directors appointed to fill a casual vacancy be subject to election by shareholders at the first general meeting after appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. With respect to the re-election of newly appointed Director, the Company has complied with Paragraph 4(2) of Appendix 3 of the Listing Rules, which permits the Directors who has been appointed to fill a casual vacancy of the Board be subject to re-election at the next annual general meeting of the Company. As such, code provision A.4.2, which requires the re-election to take place in the next general meeting, was not adopted. With respect to the retirement requirement as stated in such provision, which was deviated from the Company's Articles of Association, the relevant articles were amended at the annual general meeting held on 13 September 2006. As such, such requirement has been complied with.

PUBLICATION OF FURTHER INFORMATION

The 2006/07 Interim Report of the Company containing all information required by the Listing Rules will be published on the respective websites of the Company and the Stock Exchange in due course.

DIRECTORS

As at the date of this announcement, the executive directors are Mr. Wong Yu Lung, Charles, Mr. Lan Ning, Mr. Kee Wah Sze and Mr. Ding Chung Keung, Vincent; and the independent non-executive directors are Mr. Ip Yin Wah, Mr. Ma Ho Fai JP and Mr. Melvin Jitsumi Shiraki.

By Order of the Board
Wong Yu Lung, Charles
Chief Executive Officer

Hong Kong, 29 November 2006

"Please also refer to the published version of this announcement in The Standard"