



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 2004

The board of directors (the “Directors”) of Goldbond Group Holdings Limited (the “Company”) is pleased to announce the unaudited interim financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2004. The results have been reviewed by the Company’s auditors, KPMG, and by the Company’s audit committee.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(expressed in Hong Kong dollars)

		Six months ended 30 September	
	Note	2004 \$'000 (unaudited)	2003 \$'000 (unaudited)
Turnover	2	11,914	12,944
Direct outgoings		(1,062)	(79)
Gross profit		10,852	12,865
Other revenue	3	2,342	366
Other net loss	3	(135)	(1,988)
Surplus on revaluation of investment properties		–	15,000
Administrative expenses		(7,332)	(8,002)
Profit from ordinary activities before taxation	4	5,727	18,241
Finance costs		(1,150)	(2,795)
Share of losses of jointly controlled entities		(2,427)	–
Profit before taxation		2,150	15,446
Income tax	5	(480)	(340)
Net profit attributable to shareholders		1,670	15,106
Earnings per share			
Basic	6(a)	0.1 cent	4.6 cents
Diluted	6(b)	0.1 cent	N/A
Interim dividend		Nil	Nil

Notes:

1. Basis of preparation

The interim financial results are unaudited, but have been reviewed by KPMG in accordance with Statement of Auditing Standards 700 “Engagements to review interim financial reports”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) (formerly known as the Hong Kong Society of Accountants).

The interim financial results have been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, including compliance with Statement of Standard Accounting Practice 25 “Interim financial reporting” issued by the HKICPA.

The financial information relating to the financial year ended 31 March 2004 included in the interim financial results does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2004 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 8 July 2004.

The same accounting policies adopted by the Group for the preparation of the financial statements for the year ended 31 March 2004 have been applied in the preparation of the interim financial results.

2. Turnover

The principal activity of the Group is property development and investment.

Turnover represents the gross rental income derived from the investment properties situated in Hong Kong during the period.

3. Other revenue and net loss

	Six months ended	
	30 September	
	2004	2003
	\$'000	\$'000
	(unaudited)	(unaudited)
Other revenue		
Management fee income	273	–
Interest income	353	140
Rentals receivable from other investments	109	84
Write-back of long outstanding payables	1,352	–
Others	255	142
	<u>2,342</u>	<u>366</u>
Other net loss		
Net realised loss on trading securities	–	(1,988)
Loss on disposal of fixed assets	(135)	–
	<u>(135)</u>	<u>(1,988)</u>

4. Profit from ordinary activities before taxation

Profit from ordinary activities before taxation is arrived at after charging:

	Six months ended 30 September	
	2004	2003
	\$'000	\$'000
	(unaudited)	(unaudited)
Staff costs (including directors' remuneration):		
Wages, salaries and allowances	5,092	3,390
Retirement costs	93	87
	<u>5,185</u>	<u>3,477</u>
Other items:		
Depreciation	81	50
Provision for doubtful debts	-	89
	<u>-</u>	<u>89</u>

5. Income tax

Taxation in the consolidated profit and loss account represents:

	Six months ended 30 September	
	2004	2003
	\$'000	\$'000
	(unaudited)	(unaudited)
Current tax – Provision for Hong Kong Profits Tax		
Provision for Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profits for the period	480	-
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Deferred tax		
Origination and reversal of temporary differences	-	108
Effect of increase in tax rate on deferred tax	-	232
	<u>-</u>	<u>340</u>
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Total income tax expenses	<u>480</u>	<u>340</u>

6. Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of \$1,670,000 (2003: \$15,106,000) and the weighted average of 1,662,440,000 ordinary shares (2003: the weighted average of 331,488,000 ordinary shares) in issue during the period.

(b) *Diluted earnings per share*

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of \$1,670,000 and the weighted average number of 1,790,695,000 ordinary shares after adjusting for the effects of all potential dilutive ordinary shares.

The exercise of the subscription rights conferred by the redeemable convertible preference shares would not have any dilutive effect on the earnings per share for the period ended 30 September 2003. There are no other potential dilutive securities.

INTERIM DIVIDEND

The Directors have resolved that no interim dividend will be declared in respect of the six months ended 30 September 2004 (2003: Nil).

BUSINESS REVIEW AND OUTLOOK

Properties

Golden Plaza

The rental income derived from Golden Plaza in Hong Kong for the period under review was approximately HK\$11,914,000. Golden Plaza is a well established niche market for wedding businesses. The Group owns an aggregate of over 90% of the arcade from the basement to 3rd floor. As at 30 September 2004, almost all the total gross floor area of Golden Plaza had been rented except for the basement which was under full renovation. The renovation and the upgrade of all floors are expected to be completed by January 2005 and the Directors would anticipate an attractive enhancement in the rental yield as a whole.

Nanjing International Center

The Group's jointly controlled entity, Nanjing City Plaza Construction Co. Ltd., has a 67% equity interest in Nanjing International Group Limited, a joint stock limited liability company incorporated in the PRC which is developing Nanjing International Center (the "NIC") in Nanjing, the PRC. NIC was selected as "China's Top 10 Landmark Architectures In 2004" by the "China's Top 10 Real Estate" Research Group set up jointly by the Development Research Center of the State Council, the Real Estate Research Center of Tsinghua University and the Index Research Center. The construction of Phase I of Nanjing International Center is undergoing intensively. Phase I, with a total gross floor area of approximately 227,000 square meters, is expected to be completed by 2006, and the pre-sale/lease is scheduled to begin in 2005. Phase II is at planning stage with a total gross floor area of approximately 218,000 square meters. The Directors believe that the investment in the NIC will broaden the Group's earning bases.

Financial services

Goldbond Capital Holdings Limited ("Goldbond Capital")

In October 2004, the Group entered into an agreement to acquire a 20% equity interest in Goldbond Capital at a consideration of HK\$30,000,000, which will be settled by the issue of a zero-coupon convertible note at a conversion price of HK\$0.129 (subject to adjustment). The shareholders approved the agreement and related transactions at the extraordinary general meeting held on 16 December 2004. The acquisition is expected to be completed by the end of 2004. Goldbond Capital and its subsidiaries are 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. Following the PRC's entry to the World Trade Organisation, the Directors consider that the economic outlook

of the PRC is promising and the financial services sector in Hong Kong is set to ride on the expected growth of fund raising exercise activities by the PRC enterprises. The Directors are of the view that Goldbond Capital possesses experienced and competent personnel in the financial industry and will contribute to the Group after the acquisition.

Rongzhong Group Limited (“Rongzhong”)

In November 2004, the Group entered into a subscription agreement (the “Subscription Agreement”) with, among others, Mr. Xie Xiao Qing and Nanfang Group Poly Limited, for the subscription of a 40% equity interest in Rongzhong at a cash consideration of USD40. Pursuant to the Subscription Agreement, the Group has undertaken to advance to Rongzhong a shareholder’s loan of RMB42,000,000 or its equivalent Hong Kong dollars, the amount of which will be ultimately investing in the provision of management services to loan guarantee companies in the PRC. This shareholder’s loan will be financed by the proceeds from the Convertible Note (as defined below). The shareholders approved the Subscription Agreement at the extraordinary general meeting held on 16 December 2004. The subscription of shares in Rongzhong and the advancement of the shareholder’s loan are expected to be completed by the end of 2004.

The Directors believe that investment in Rongzhong would be a strategic move for the Group. Nanfang Group Poly Limited, which is a member of China Poly Group, has extensive business strengths in the PRC; coupled with Mr. Xie’s expertise, the Directors are optimistic that the investment will allow the Group to venture into the loan guarantee market in the PRC with promising prospect.

Future Plan

In view of the recent growth in the economy of Hong Kong and the PRC, the Group takes every opportunity to expand its strategic business developments in property and finance industries with proactive approach. The Group shall seek for new potential investments and on the other hand, maintain effective cost control measures to maximize the shareholders’ return.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2004, the Group had secured bank borrowings of approximately HK\$184,456,000 (31 March 2004: HK\$190,765,000), which bear interest with reference to HIBOR (Hong Kong Interbank Offered Rate) and will be repayable by instalments till 2013. The Group has a banking facility of HK\$36,000,000 granted by a bank in Hong Kong which is secured by the pledged deposits of approximately HK\$20,000,000. Such banking facility was not utilized as at 30 September 2004. All of the Group’s borrowings are denominated in Hong Kong dollars. On 5 August 2004, the Company issued a 3-year convertible note in the principal amount of HK\$70,000,000 (the “Convertible Note”) to Wah Link Investments Limited. The Convertible Note bears no interest and carries the right to convert into ordinary shares of HK\$0.10 each at the conversion price of HK\$0.170 (subject to adjustment) per share. The proceeds of HK\$70,000,000 will be applied as approximately HK\$39,600,000 (i.e. RMB42,000,000) to the provision of shareholder’s loan to Rongzhong and the balance as to working capital or other future potential investments of the Group. As at 30 September 2004, the Group had total cash and bank balances of approximately HK\$57,984,000 (31 March 2004: HK\$9,583,000). The gearing ratio, measured as total liabilities to total assets, was 47.26% (31 March 2004: 42.62%). The current ratio of the Group as at 30 September 2004 was 3.80 (31 March 2004: 1.02), the improvement was mainly due to the issue of Convertible Note during the period.

The Group’s transaction and monetary assets are principally denominated in Hong Kong dollars, United States dollars and Renminbi, and as a result, the Directors believe that the Group has no significant exposure to foreign exchange rate fluctuation.

EMPLOYEES

As at 30 September 2004, the Group's total number of staff was 23. The Group remunerates its employees based on their performance, experience and prevailing industry practices. The Group has set up a share option scheme for the purpose of providing incentives to the Directors and employees.

CONTINGENT LIABILITY

- (i) As at 30 September 2004, there was a contingent liability in respect of a corporate guarantee to a bank to secure the banking facilities of the Group's jointly controlled entity amounting to US\$3,750,000 (equivalent to approximately HK\$29,250,000). The Group also pledged its attributable equity interests in its jointly controlled entities for such banking facilities.
- (ii) As at 30 September 2004, the Group's jointly controlled entity had a contingent liability in respect of a counter guarantee for banking facilities drawn by the Group's jointly controlled entity amounting to RMB118,000,000.

CHARGES ON THE GROUP'S ASSETS

As at 30 September 2004, the banking facilities granted to the Group were secured by:

- (i) a legal charge over investment properties with an aggregate carrying value of HK\$370,000,000 (31 March 2004: HK\$370,000,000);
- (ii) the assignment of the rental income derived therefrom;
- (iii) a share charge of a subsidiary, Perfect Manor Limited;
- (iv) a fixed deposit of HK\$20,000,000 plus accrued interest; and
- (v) subordination of shareholder's loan of Perfect Manor Limited.

As at 30 September 2004, the banking facility granted to the Group's jointly controlled entity was 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.

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 listed securities.

CODE OF BEST PRACTICE (the "Code")

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of six months ended 30 September 2004, in compliance with the Code as set out in Appendix 14 of the Rules Governing The Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except that the independent non-executive Directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association.

AUDIT COMMITTEE

The audit committee of the Company comprises four independent non-executive Directors. The audit committee was established in accordance with the requirement of the Code for the purposes of reviewing the Group's accounting principles and financial reporting matters including the review of the unaudited interim financial statements.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

All the information of the interim results of the Group for the six months ended 30 September 2004 required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules in force prior to 31 March 2004, which remain applicable to interim results announcement in respect of accounting periods commencing before 1 July 2004 under the transitional arrangement, will be published on the Stock Exchange's website in due course.

By order of the board
Wong Yu Lung, Charles
Executive Director

Hong Kong, 20 December 2004

As at the date of this announcement, the executive Directors are Mr. Wong Yu Lung, Charles, Mr. Ko Po Ming, Ms. Loh Jiah Yee, Katherine, Mr. Lan Ning and Mr. Kee Wah Sze, and the independent non-executive Directors are Mr. Ip Yin Wah, Mr. Ma Ho Fai, Mr. Shiraki Melvin Jitsumi and Mr. Zhang Xiao Shu.

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