金榜集團控股有限公司

GOLDBOND GROUP HOLDINGS LIMITED

Stock Code: 00172

金榜

INTERIM REPORT 2010/11

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Jun *(Chairman)*
Mr. Wong Yu Lung, Charles
(Deputy Chairman)
Mr. Ding Chung Keung, Vincent
(Chief Executive Officer)
Mr. Kee Wah Sze
Mr. Xie Xiao Qing
Ms. Wong, Michelle Yatyee

Independent non-executive Directors

Mr. Ma Ho Fai SBS JP
Mr. Melvin Jitsumi Shiraki
Mr. Cheng Yuk Wo

AUDIT COMMITTEE

Mr. Cheng Yuk Wo *(Chairman)*
Mr. Ma Ho Fai SBS JP
Mr. Melvin Jitsumi Shiraki

REMUNERATION COMMITTEE

Mr. Cheng Yuk Wo *(Chairman)*
Mr. Ma Ho Fai SBS JP
Mr. Kee Wah Sze

SECRETARY

Ms. Li Yu Lian, Kelly

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

REGISTERED OFFICE

Units 1901-06, 19/F
Tower One, Lippo Centre
89 Queensway
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
46th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISER

Iu, Lai & Li

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
CITIC Bank International Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

WEBSITES

http://www.goldbondgroup.com
http://www.irasia.com/listco/hk/goldbondgroup/index.htm

STOCK CODE

00172

Despite the continued strong pace of growth in China's economy during the first half of 2010/11, the rising inflation rate in China has triggered concern of overheating economy, particularly in the real estate property market. A number of measures were imposed by the Chinese government to tighten the market liquidity resulting in adjustments to the property market in China. Under this uncertain economic environment, Goldbond Group Holdings Limited (the "Company") and its subsidiaries ("the Group") has adhered to its conservative risk management approach in new business development and allocated more resources to financial leasing business to capture the long term growth opportunity.

FINANCIAL RESULTS

For the six months ended 30 September 2010 ("the Period"), the Group's turnover amounted to approximately HK$143,473,000 (corresponding period in 2009: HK$165,165,000), representing a decrease of 13%. Profit after tax attributable to the owners of the Company for the Period was approximately HK$33,973,000 (corresponding period in 2009: HK$60,416,000), representing a decrease of 44%. The decrease in both turnover and profit after tax attributable to the owners of the Company was mainly due to the drop in income from financing of a property development project in Zhuhai, China by approximately HK$23,133,000 in accordance with the accelerated loan repayment schedule accepted in August 2009.

The Group's functional currency is Renminbi ("RMB"). Due to the appreciation of RMB during the Period under review, the Group had charged an exchange loss of approximately HK$6,832,000 on non-RMB denominated net assets to profit for the Period and recognised an exchange gain of approximately HK$28,030,000 arising from re-translation of RMB to HK$, which is the Group's presentation currency, as other comprehensive income in accordance with the Hong Kong Accounting Standard 21. Taking into account this exchange gain, the total comprehensive income attributable to the owners of the Company for the Period was approximately HK$62,003,000, representing a slight increase of 2.6% comparing to that of the corresponding period in 2009.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend in respect of the results for the six months ended 30 September 2010 (corresponding period in 2009: nil).

BUSINESS REVIEW

The Group is engaged principally in the provision of non-bank financial services, comprising financing, loan guarantee and financial leasing services, to high quality small-to-medium enterprises ("SMEs"), high net-worth individuals and retail customers in China. Apart from the project financing loans executed through Famous Apex Limited, a wholly owned subsidiary, the Group carries out all these business activities in China through Rongzhong Group Limited ("Rongzhong"), a 71% owned subsidiary, and its subsidiaries (collectively "Rongzhong Group").

In May and August 2007, the Group and Rongzhong entered into two loan agreements, pursuant to which the Group conditionally agreed to make available revolving loan facilities of HK$60 million and HK$500 million respectively to Rongzhong as general working capital at an interest rate of 16% per annum. In March 2010, the Group and Rongzhong entered into a new loan agreement, pursuant to which the Group conditionally agreed to make available a revolving loan facility of HK$900 million to Rongzhong for repayment of the aforesaid two loan agreements and as general working capital at an interest rate of 10% per annum. During the Period, Rongzhong has utilised this new loan facility to repay the aforesaid two loan agreements. As at 30 September 2010, the total outstanding loan amounted to HK$606,000,000 (31 March 2010: HK$536,192,000).

As at 30 September 2010, the Group has more than 20 operating offices in the following provinces and municipality: Guangdong, Hubei, Hunan, Jiangsu, Sichuan, Zhejiang and Chongqing. These offices are responsible to serve customers in the respective region with respect to all business services offered by the Group. The performance analysis of each business service for the Period is as follows:

Financing

The Group first launched the financing service in Wuhan, China, in April 2006. Since then, such service has been extended to Chongqing, Chengdu, Jiangsu, Guangzhou and Zhuhai.

The Group offers customers various types of financing service, consisting of the provision of bridging loans for application or renewal of banking facilities, deposits for tender bidding, financing for management buyout, acquisition, disposal and project development, as well as investment management service.

As at 30 September 2010, the Group had gross advances to customers of approximately HK$848,087,000 (31 March 2010: HK$762,240,000) and project financing loans receivable from Zhuhai project of HK$89,058,000 (31 March 2010: HK$161,220,000), representing an increase of 11% and a decrease of 45% respectively. The sharp decrease in project financing loans receivable was resulted from an aggregate settlement of approximately HK$80,706,000 received during the Period under review. For the six months ended 30 September 2010, this loan portfolio generated a total turnover of approximately HK$100,852,000 (corresponding period in 2009: HK$138,421,000) to the Group, representing a decrease of 26% which was mainly the result of:

1. the accelerated repayment schedule for the project financing loans receivable which reduced approximately HK$23,133,000 interest earned during the Period as compared to that of the corresponding period in 2009; and

2. the more stringent controls in new business development in view of the uncertainty of the property market in China since real estate property assets are the most common collateral to secure advances to customers.

As at 30 September 2010, there were three investment management companies in Wuhan, Taizhou and Guangzhou and a private equity fund with mandates to seek and invest in quality venture companies in the respective region through mainly debt investment.

With the extensive network established over the years, the Group will continue capitalizing the existing platform for sustainable growth.

Loan Guarantee

The Group provides loan guarantee service in seven cities of China, namely Changsha, Chengdu, Chongqing, Wuhan, Guangzhou, Nanjing and Hangzhou. The principal activities are the provision of loan guarantee and related services to individuals and SMEs against the following major loan types: (1) motor vehicle; (2) real estate property; and (3) SME working capital, etc.

For the six months ended 30 September 2010, the Group had issued new loan guarantees in an aggregate amount of approximately RMB1 billion (corresponding period in 2009: RMB2.5 billion), representing a decrease of 60%. The turnover of loan guarantee business for the Period, however, increased by 15% to approximately HK$27,557,000 (corresponding period in 2009: HK$23,945,000) which was mainly contributed by the discontinuation of those low fee and cost inefficient loan guarantee products during the Period. The Group will continue monitoring the market demand and the product mix to ensure a balanced return for the loan guarantee business.

Guarantee income is recognised over the life of the guarantee contracts and, as at 30 September 2010, the deferred income amounted to approximately HK$49,018,000 (31 March 2010: HK$49,715,000) which would be recognised in the forthcoming three financial years.

Financial Leasing

In addition to financing and loan guarantee services, the Group also offers medium to long term financing service through Rongzhong International Financial Leasing Co., Ltd. ("Rongzhong Finance Lease"), a wholly owned subsidiary of Rongzhong. Established in Wuhan under the wholly-foreign owned leasing license issued by the Ministry of Commerce of China, Rongzhong Finance Lease commenced business operation in August 2008 offering a wide range of leasing services, such as direct leasing, sales and leaseback, operating lease, leveraged leasing and lease with manufacturer's buy-back undertaking, etc. The target customer group is SMEs across the nation and the current customer bases spans over various provinces and cities in China, including but not limited to Hubei, Hunan, Tianjin, Jiangsu, Zhejiang, Guangdong, Shanghai, Guizhou, Beijing and Shaanxi.

Leveraging on banking facilities from Agricultural Bank of China, China Development Bank, China Merchants Bank and Hankou Bank, Rongzhong Finance Lease recorded a remarkable growth in the Period. As at 30 September 2010, the carrying value of finance leases receivable amounted to approximately HK$308,362,000 (31 March 2009: HK$170,306,000), representing an increase of 81%. For the six months ended 30 September 2010, the contributed turnover was approximately HK$13,871,000 (corresponding period in 2009: HK$2,799,000), representing an increase of 396%.

In order to prepare for long term growth of the financial leasing business, the Group had strengthened the capital base of Rongzhong Finance Lease by completing the second phase capital injection of US$10 million in September 2010. As at 30 September 2010, the total registered capital of Rongzhong Finance Lease was US$20 million.

Given the strong market demand of financial leasing service in China, the superb business network and the industry relationship of the Group, Rongzhong Finance Lease will continue expanding its services to all quality customers in China and is expected to become a major and stable income provider to the Group in the future.

OUTLOOK

The current economic environment in China is rather uncertain and various challenges exist, such as property asset bubbles and inflation hike. It is believed that the Chinese government will continue implementing proactive financial policies to tighten the market liquidity in order to take the overheating risks out of the economy. Since the impact of these macro-economic controls is uncertain at this stage, the Group will, in the second half of 2010/11, continue tightening the credit risk monitoring controls over the existing customer portfolio, retracting from less lucrative business and being conservative in new business development, particularly in both short term financing and loan guarantee businesses.

In a longer term, the Group is of the view that China will remain the fastest-growing among the world's biggest economies and continue offering great opportunity to grow in industrial and manufacturing sectors, especially those targeting domestic consumption. With the extensive business and distribution network in central region of China, the Group sees ample opportunity to grow in medium term equipment and machinery financing business, particularly in financial leasing service which only represents a very small portion of financing sources in China currently. Given the existing leasing penetration rate in China is relatively low, the Group anticipates that, along with the steady economic growth in China, this leasing penetration rate in China will ultimately reach to the level of those developed countries, representing a big room for expansion. Accordingly, more resources will be put in the financial leasing business to capture this huge growth potential in the coming years. In term of business expansion, the Group will continue exploring new investment opportunities and is confident in creating sustainable value to the shareholders of the Company.

FINANCIAL REVIEW

Financial Resources and Capital Structure

The Group always maintains strong cash position and sufficient capital for business development. As at 30 September 2010, the aggregate sum of cash, bank balances and short term bank deposits amounted to approximately HK$479,213,000 (31 March 2010: HK$452,553,000). The working capital (current assets less current liabilities) and the total equity of the Group were approximately HK$1,362,809,000 (31 March 2010: HK$1,496,701,000) and approximately HK$1,514,400,000 (31 March 2010: HK$1,486,776,000) respectively.

All bank borrowings of the Group were granted by banks in China and are denominated in RMB bearing variable interest with reference to the rate offered by the People's Bank of China. As at 30 September 2010, the total bank borrowing of the Group was approximately HK$406,613,000 (31 March 2010: HK$314,607,000) in which approximately HK$193,816,000 (31 March 2010: HK$52,809,000) would be repayable within one year and approximately HK$212,797,000 (31 March 2010: HK$261,798,000) would be repayable after one year. The increase in total bank borrowing was solely to support the expansion of financial leasing business during the Period.

At present, the Group has not used any derivative to hedge against the interest rate risk exposure.

Liquidity and Gearing Ratio

The Group's strong liquidity position is shown by the high current ratio maintained throughout the Period. As at 30 September 2010, the current ratio (current assets/current liabilities) of the Group was 3.80 times (31 March 2010: 6.15 times). The drop was largely due to the reclassification of bank borrowing from non-current liabilities to current liabilities in accordance with the loan maturity date.

As the economic environment in China is rather uncertain at this stage, it is the Group's intention to maintain a fairly low level of gearing ratio. As at 30 September 2010, the debt-to-equity ratio (total bank borrowing/total equity) of the Group was 26.8% (31 March 2010: 21.2%) while the net debt position was nil (31 March 2010: nil) after considering the cash position maintained by the Group.

Charges on Group Assets

As at 30 September 2010, the bank borrowings of the Group were secured by the following:

(a) a charge over the Group's and the minority shareholders' indirect interests in Rongzhong Capital Investment Group Limited# (融眾資本投資集團有限公司); and

(b) certain finance leases receivable of the Group with an aggregate carrying value of approximately HK$161,175,000 (31 March 2010: HK$90,186,000).

As at 30 September 2010, the guarantee facilities granted to the Group by banks in China were secured by the security deposits in an aggregate amount of approximately HK$163,288,000 (31 March 2010: HK$172,849,000).

Exposure to Fluctuations in Exchange Rates

The Group reports its operating results in Hong Kong dollar but major operations of the Group are carried out in China, transacted and recorded in RMB while some monetary assets and liabilities are denominated in other foreign currency. The Group is, thus, exposed to the fluctuation in exchange rates between Hong Kong dollars and other currencies. The Group has taken in place effective measures and monitored the foreign currency movement closely. At present, no derivative instrument is used by the Group to hedge against any exchange rate risk exposure.

For identification purpose only

CONTINGENT LIABILITIES

The Group provides loan guarantee service to customers in China. As at 30 September 2010, the Group had the contingent liabilities in relation to the loan guarantee business of approximately HK$3,549,631,000 (31 March 2010: HK$3,932,711,000) in which approximately HK$9,291,000 (31 March 2010: HK$10,180,000) were recognised in the condensed consolidated statement of financial position as liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2010, the Group had approximately 430 staffs located in both Hong Kong and China. The Group remunerates these employees based on their performance, experience and prevailing industry practices. Other benefits offered to these 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.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF GOLDBOND GROUP HOLDINGS LIMITED

Introduction

We have reviewed the interim financial information set out on pages 8 to 23, which comprises the condensed consolidated statement of financial position of Goldbond Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 September 2010 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 November 2010

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2010

	Notes	**1.4.2010 to 30.9.2010 HK$'000 (Unaudited)**	1.4.2009 to 30.9.2009 HK$'000 (Unaudited)
Turnover	3	**143,473**	165,165
Other income		**2,435**	3,577
Change in fair value of derivative component of convertible note		**–**	873
Staff costs		**(26,364)**	(33,274)
Other operating expenses		**(37,451)**	(40,378)
Share of loss of an associate		**(581)**	(14)
Finance costs		**(11,675)**	(10,211)
Profit before taxation	4	**69,837**	85,738
Taxation	5	**(23,902)**	(19,948)
Profit for the period		**45,935**	65,790
Other comprehensive income			
Exchange differences arising on translation		**30,251**	–
Total comprehensive income for the period		**76,186**	65,790
Profit for the period attributable to:			
Owners of the Company		**33,973**	60,416
Non-controlling interests		**11,962**	5,374
		45,935	65,790
Total comprehensive income attributable to:			
Owners of the Company		**62,003**	60,416
Non-controlling interests		**14,183**	5,374
		76,186	65,790
Earnings per share	7		
– Basic		**1.24 cents**	2.26 cents
– Diluted		**1.23 cents**	2.25 cents

Condensed Consolidated Statement of Financial Position

At 30 September 2010

	Notes	30.9.2010 HK$'000 (Unaudited)	31.3.2010 HK$'000 (Audited)
Non-current assets			
Plant and equipment	8	7,524	7,162
Interest in an associate		56,587	55,890
Goodwill		103,686	103,686
Intangible assets		1,486	1,665
Finance leases receivable		215,235	114,882
Club debentures		16,925	16,545
		401,443	299,830
Current assets			
Properties held for sale		9,207	9,000
Amount due from an associate		13,263	–
Loans receivable	9	89,058	161,220
Accounts receivable and advances provided to customers	10	995,610	928,201
Finance leases receivable		93,127	55,424
Prepayments and deposits		7,443	8,111
Security deposits	11	163,288	172,849
Short term bank deposits			
– with original maturity within three months		115,465	172,638
– with original maturity more than three months		131,162	81,356
Bank balances and cash		232,586	198,559
		1,850,209	1,787,358
Current liabilities			
Amount due to an associate		–	3,046
Other payables and accrued charges		57,541	36,702
Deposits from loan guarantee customers		155,688	133,017
Deposits from finance lease customers		4,214	–
Deferred income		32,371	29,027
Taxation		34,479	25,876
Bank borrowings – amount due within one year	12	193,816	52,809
Liabilities arising from loan guarantee contracts	13	9,291	10,180
		487,400	290,657
Net current assets		1,362,809	1,496,701
Total assets less current liabilities		1,764,252	1,796,531

Condensed Consolidated Statement of Financial Position

At 30 September 2010

	Notes	30.9.2010 HK$'000 (Unaudited)	31.3.2010 HK$'000 (Audited)
Capital and reserves			
Share capital		**274,456**	274,456
Reserves		**1,104,279**	1,090,838
Equity attributable to owners of the Company		**1,378,735**	1,365,294
Non-controlling interests		**135,665**	121,482
Total equity		**1,514,400**	1,486,776
Non-current liabilities			
Deposits from finance lease customers		**3,398**	7,780
Deferred income		**17,289**	21,274
Bank borrowings – amount due after one year	12	**212,797**	261,798
Redeemable convertible preference shares	14	**2,238**	2,087
Deferred taxation		**14,130**	16,816
		249,852	309,755
		1,764,252	1,796,531

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2010

	Attributable to owners of the Company									Attributable to non-controlling interest	
	Share capital HK$'000	Share premium HK$'000	Revaluation reserve HK$'000	Employee share-based compensation reserve HK$'000	General reserve HK$'000	Statutory surplus reserve HK$'000 (Note)	Translation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Share of net assets of subsidiaries HK$'000	Total HK$'000
At 1 April 2009 (audited)	266,956	480,520	3,000	22,237	6,000	6,622	43,722	434,447	1,263,504	103,998	1,367,502
Profit for the year and total comprehensive income for the year	–	–	–	–	–	–	–	118,602	118,602	15,236	133,838
Sub-total	266,956	480,520	3,000	22,237	6,000	6,622	43,722	553,049	1,382,106	119,234	1,501,340
Dividends recognised as distribution	–	–	–	–	–	–	–	(106,783)	(106,783)	–	(106,783)
Issue of shares upon conversion of convertible note	7,500	67,310	–	–	–	–	–	–	74,810	–	74,810
Expenses incurred in connection with issue of shares	–	(30)	–	–	–	–	–	–	(30)	–	(30)
Lapse of share options	–	–	–	(649)	–	–	–	649	–	–	–
Recognition of equity-settled share-based payments	–	–	–	15,191	–	–	–	–	15,191	–	15,191
Transferred to statutory surplus reserve	–	–	–	–	–	4,263	–	(4,263)	–	–	–
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	2,248	2,248
At 31 March 2010 (audited)	274,456	547,800	3,000	36,779	6,000	10,885	43,722	442,652	1,365,294	121,482	1,486,776
Exchange differences arising on translation	–	–	–	–	–	–	28,030	–	28,030	2,221	30,251
Profit for the period	–	–	–	–	–	–	–	33,973	33,973	11,962	45,935
Total comprehensive income for the period	–	–	–	–	–	–	28,030	33,973	62,003	14,183	76,186
Sub-total	274,456	547,800	3,000	36,779	6,000	10,885	71,752	476,625	1,427,297	135,665	1,562,962
Dividends recognised as distribution	–	–	–	–	–	–	–	(54,891)	(54,891)	–	(54,891)
Recognition of equity-settled share-based payments	–	–	–	6,329	–	–	–	–	6,329	–	6,329
At 30 September 2010 (unaudited)	274,456	547,800	3,000	43,108	6,000	10,885	71,752	421,734	1,378,735	135,665	1,514,400
At 1 April 2009 (audited)	266,956	480,520	3,000	22,237	6,000	6,622	43,722	434,447	1,263,504	103,998	1,367,502
Profit for the period and total comprehensive income for the period	–	–	–	–	–	–	–	60,416	60,416	5,374	65,790
Sub-total	266,956	480,520	3,000	22,237	6,000	6,622	43,722	494,863	1,323,920	109,372	1,433,292
Dividends recognised as distribution	–	–	–	–	–	–	–	(106,783)	(106,783)	–	(106,783)
Recognition of equity-settled share-based payments	–	–	–	6,894	–	–	–	–	6,894	–	6,894
At 30 September 2009 (unaudited)	266,956	480,520	3,000	29,131	6,000	6,622	43,722	388,080	1,224,031	109,372	1,333,403

Note: Pursuant to the articles of association of the group companies established in the People's Republic of China ("China"), the group companies are required to appropriate 10% or an amount to be determined by the directors of their respective profits after taxation in accordance with the relevant China accounting rules and financial regulations before any distribution of dividends to equity holders each year to the statutory surplus reserve until their balances reach 50% of their respective registered capital.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2010

	1.4.2010 to 30.9.2010 HK$'000 (Unaudited)	1.4.2009 to 30.9.2009 HK$'000 (Unaudited)
Net cash from (used in) operating activities		
Increase in finance leases receivable	**(133,608)**	(64,147)
Increase in accounts receivable and advances to customers	**(56,520)**	(116,816)
Decrease in loans receivable	**74,910**	6,385
Other operating activities	**132,314**	106,718
	17,096	(67,860)
Net cash (used in) from investing activities		
(Increase) decrease in short-term bank deposits with original maturity more than three months	**(49,806)**	197
Decrease in deposit	**–**	11,415
Other investing activities	**(140)**	4,905
	(49,946)	16,517
Net cash from (used in) financing activities		
New loans raised	**160,295**	191,011
Repayment of bank loans	**(75,798)**	(122,472)
Dividends paid	**(54,891)**	(106,783)
Cash advance to an associate	**(12,978)**	–
Repayment to an associate	**(3,046)**	(2,068)
Other financing activities	**(11,524)**	(6,761)
	2,058	(47,073)
Net decrease in cash and cash equivalents	**(30,792)**	(98,416)
Cash and cash equivalents at beginning of the period	**371,197**	495,083
Effect of foreign currency rate changes	**7,646**	–
Cash and cash equivalents at end of the period, representing bank balances and cash	**348,051**	396,667
Analysis of balances of cash and cash equivalents		
Bank balances and cash	**232,586**	231,713
Short term bank deposits with original maturity within three months	**115,465**	164,954
	348,051	396,667

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with 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 on the historical cost basis except for 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 2010 except as described below.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

The Group applies HKFRS 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on 1 April 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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

3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief executive officer, being the chief operating decision maker, for the purpose of resources allocation and performance assessment are as follows:

(a) Provision of financing service including financing, project financing and consultancy service;

(b) Provision of loan guarantee service for financing of motor vehicles, real estate property and SME working capital, etc.; and

(c) Provision of financial leasing service.

Information regarding the above segments is reported below.

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

Six months ended 30 September 2010

	Financing service HK$'000 (Note)	Loan guarantee service HK$'000	Financial leasing service HK$'000 (Note)	Consolidated HK$'000
Revenue from external customers	102,045	27,557	13,871	143,473
Segment results	74,273	14,748	5,809	94,830
Investment income				2,009
Unallocated corporate income and expenses:				
– other administrative income and expenses				(15,694)
– exchange loss				(6,832)
Finance costs				(3,895)
Share of loss of an associate				(581)
Profit before taxation				69,837

3. SEGMENT INFORMATION (continued)

Six months ended 30 September 2009

	Financing service HK$'000 (Note)	Loan guarantee service HK$'000	Financial leasing service HK$'000 (Note)	Consolidated HK$'000
Revenue from external customers	138,421	23,945	2,799	165,165
Segment results	103,147	6,614	1,068	110,829
Investment income				2,066
Change in fair value of derivative component of convertible note				873
Unallocated corporate income and expenses:				
– other administrative income and expenses				(18,268)
– exchange loss				(481)
Finance costs				(9,267)
Share of loss of an associate				(14)
Profit before taxation				85,738

All of the segment revenue reported above was from external customers.

Segment results represent the profit earned by each segment without allocation of central administration costs, investment income, change in fair value of derivative component of convertible note, certain finance costs and share of loss of an associate. This is the measure reported to the Group's chief executive officer for the purpose of resource allocation and assessment of segment performance.

Note: Included in segment results are finance costs of HK$7,780,000 (HK$944,000 for the six months ended 30 September 2009) attributable to the financing service and the financial leasing service business.

3. SEGMENT INFORMATION (continued)

An analysis of the Group's assets by operating segments is as follows:

As at 30 September 2010

	Financing service HK$'000	**Loan guarantee service HK$'000**	**Financial leasing service HK$'000**	**Consolidated HK$'000**
Assets				
Segment assets	**1,176,319**	**201,663**	**310,035**	**1,688,017**
Interest in an associate				**56,587**
Unallocated assets				**507,048**
Total assets				**2,251,652**

As at 31 March 2010

	Financing service HK$'000	Loan guarantee service HK$'000	Financial leasing service HK$'000	Consolidated HK$'000
Assets				
Segment assets	1,151,172	195,833	204,255	1,551,260
Interest in an associate				55,890
Unallocated assets				480,038
Total assets				2,087,188

For the purposes of monitoring segment performance and allocating resources between segments, the chief executive officer monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to operating segments other than properties held for sale, club debentures, bank balances and cash, short term bank deposits, and certain corporate assets for central administrative uses.

4. PROFIT BEFORE TAXATION

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

	1.4.2010 to 30.9.2010 HK$'000 (unaudited)	1.4.2009 to 30.9.2009 HK$'000 (unaudited)
Interest on:		
Bank and other borrowings	**11,524**	6,761
Convertible note	**–**	3,319
Redeemable convertible preference shares	**151**	131
	11,675	10,211
Allowance for bad and doubtful debts	**5,772**	6,102
Amortisation of intangible assets	**218**	213
Depreciation of plant and equipment	**1,983**	2,276
Interest income	**(2,009)**	(2,066)
Operating lease charges in respect of properties	**5,658**	5,746

5. TAXATION

	1.4.2010 to 30.9.2010 HK$'000 (unaudited)	1.4.2009 to 30.9.2009 HK$'000 (unaudited)
The charge comprises:		
Enterprise Income Tax in China	**26,975**	19,386
Deferred taxation	**(3,073)**	562
	23,902	19,948

Taxation for subsidiaries in China was calculated at the appropriate current rates of taxation in China.

Deferred taxation has not been recognised in respect of the temporary differences attributable to the undistributable retained profits of HK$386,178,000 (31 March 2010: HK$317,590,000) earned by the subsidiaries in China since 1 January 2008. The directors are of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

6. DIVIDENDS

	1.4.2010 to 30.9.2010 HK$'000 (unaudited)	1.4.2009 to 30.9.2009 HK$'000 (unaudited)
Dividends recognised as distribution and paid during the period:		
Final dividends of HK2 cents per share in respect of the year ended 31 March 2010 (31 March 2009: HK4 cents per share)	**54,891**	106,783

The directors do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2010 (Nil for the six months ended 30 September 2009).

7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the ordinary owners of the Company was based on the following data:

	1.4.2010 to 30.9.2010 HK$'000 (unaudited)	1.4.2009 to 30.9.2009 HK$'000 (unaudited)
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**33,973**	60,416
Number of shares:		
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,744,563**	2,669,563
Effect of dilutive potential ordinary shares:		
Share options	**18,280**	17,365
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,762,843**	2,686,928

8. ADDITIONS IN PLANT AND EQUIPMENT

During the period, the Group incurred HK$2,285,000 (HK$673,000 for the six months ended 30 September 2009) to acquire plant and equipment for its business use.

9. LOANS RECEIVABLE

On 6 September 2007, Famous Apex Limited ("Famous Apex"), a wholly owned subsidiary of the Company, entered into loan agreements to provide financing to 珠海市保利三好有限公司 ("Poly Sanhao") and Grand Ocean Investment Company Limited ("Grand Ocean") (formerly known as Worldpro International Investment Limited) for financing the development of properties in China. Poly Sanhao and Grand Ocean are independent third parties of the Group.

The loan to Poly Sanhao is secured by the following:

(a) a mortgage of 85% equity interest in 珠海市中廣置業有限公司 as owned by Poly Sanhao;

(b) a mortgage of the 51% equity interest in Poly Sanhao owned by Grand Ocean; and

(c) Mr. Wu Deming's ("Mr. Wu") personal guarantee in favour of Famous Apex.

The loan to Grand Ocean is secured by the following:

(a) a first fixed and floating charge on all assets including, among others, any land and properties, intellectual property rights, receivables and securities legally and/or beneficially owned by Grand Ocean;

(b) a mortgage of the entire issued share capital of Grand Ocean and assignment and subordination of all loans owing by Grand Ocean to the beneficial owner of the entire equity interest in Grand Ocean ("Mr. Chan");

(c) Mr. Chan's personal guarantee in favour of Famous Apex; and

(d) Mr. Wu's personal guarantee in favour of Famous Apex.

Poly Sanhao and Grand Ocean are obliged to settle the outstanding amount of approximately RMB77,480,000 as at 30 September 2010 on or before 31 December 2010.

During the six months ended 30 September 2010, an aggregate amount of approximately RMB70,299,000 had been received in settlement of the loans receivable.

10. ACCOUNTS RECEIVABLE AND ADVANCES PROVIDED TO CUSTOMERS

	30.9.2010 HK$'000 (unaudited)	31.3.2010 HK$'000 (audited)
Advances provided to customers (Note a)	**848,087**	762,240
Accounts receivable (Note b)	**191,382**	204,878
	1,039,469	967,118
Less: Allowance for bad and doubtful debts		
– advances provided to customers	**(23,595)**	(23,065)
– accounts receivable	**(20,264)**	(15,852)
	995,610	928,201

Notes:

For the financing service business, the Group allows an average loan period of 30 days to a maximum of 180 days to its customers.

(a) The advances provided to customers bear fixed coupon interest at a rate of 4.8% (31 March 2010: 4.8%) per annum and are repayable according to the loan agreements which usually cover periods of one to six months. Included in the balances are loans receivable from pawnshop customers, entrusted loans through banks, receivable from loan guarantee customers of approximately HK$824,492,000 (31 March 2010: HK$695,365,000) secured by pawned assets placed by customers such as properties and equity interests in certain private entities in China.

The balance as at 31 March 2010 also included advances to employees of approximately HK$43,810,000 secured by the entire equity interest in a company owned by the employees. This company is incorporated and engaged in mining business in China. The advances to employees as at 31 March 2010 bore fixed interest rate of 6% per annum and were repayable within one year. The balance had been fully settled during the period.

The Group is not permitted to sell or re-pledge the collateral in the absence of default by customers.

(b) Accounts receivable mainly include management fees receivable and interest income receivable from customers on the advances provided to customers. Interest income receivable from customers will be settled together with the loan principal when the loans are matured.

The following is an aging analysis of accounts receivable and advances provided to customers:

	30.9.2010 HK$'000 (unaudited)	31.3.2010 HK$'000 (audited)
Outstanding balances aged:		
– within one month	**264,951**	341,327
– more than one month but less than three months	**152,852**	104,577
– more than three months but less than six months	**248,334**	121,119
– more than six months	**329,473**	361,178
	995,610	928,201

11. SECURITY DEPOSITS

Security deposits are placed by the Group with banks to secure the Group's due performance in relation to the loan guarantee business in China.

12. BANK BORROWINGS

During the period, the Group obtained new bank borrowings of HK$160,295,000 (HK$191,011,000 for the six months ended 30 September 2009) and repaid bank borrowings of HK$75,798,000 (HK$122,472,000 for the six months ended 30 September 2009). The bank borrowings are variable-rate borrowings which carry annual interest ranging from 100% to 120% of the rate offered by the People's Bank of China. The bank borrowings are used to finance the operations of the Group.

Included in the Group's bank borrowings as at 30 September 2010 was a bank borrowing of RMB100,000,000 (31 March 2010: RMB100,000,000) equivalent to approximately HK$114,943,000 (31 March 2010: HK$112,360,000) from a bank in China secured by charges over the Group's and the minority shareholders' interests in Rongzhong Capital Investment Group Limited ("Rongzhong Capital Investment"), a non-wholly owned subsidiary of the Company. The other major terms of this bank borrowing include the followings:

(a) The Company, Rongzhong Capital Investment and a director of the Company had given guarantees to the bank for the granting of the above borrowing of not more than RMB100,000,000 in aggregate, which was fully utilised as at 30 September 2010. The guarantee provided by the Company was in proportion to its equity interest in the borrower.

(b) Mr. Wong Yu Lung, Charles (the substantial shareholder of the Company) and/or his associates (which has the meaning ascribed to it under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) at all times during the term of the facility agreement maintain their aggregate shareholding in the Company at not less than 35%.

Bank borrowings of RMB138,700,000 (31 March 2010: RMB80,000,000) equivalent to approximately HK$159,425,000 (31 March 2010: HK$89,888,000) are secured by charges over certain finance leases receivable of the Group with an aggregate carrying value of approximately HK$161,175,000 (31 March 2010: HK$90,186,000).

The remaining balances of RMB115,053,000 (31 March 2010: RMB80,000,000) equivalent to HK$132,245,000 (31 March 2010: HK$89,888,000) are unsecured. These unsecured bank borrowings were obtained for certain financial leasing service transactions and the relevant customers of these transactions had given a guarantee to the bank for the granting of these bank borrowings in full.

13. LIABILITIES ARISING FROM LOAN GUARANTEE CONTRACTS

Liabilities arising from loan guarantee contracts represent the management's best estimate of the Group's liability based on prior experience and default history of the loan guarantee business. For the amount of outstanding loan guarantee contracts, please refer to note 17.

14. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

As at 30 September 2010, 68,400,000 (31 March 2010: 68,400,000) preference shares were in issue.

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 on 18 September 2001 at a redemption value of HK$10 per preference share. The preference shares carry no right to dividend distributions to the holders. The preference shares were convertible until 17 September 2004 and the conversion rights attached to the preference shares lapsed with no conversion since then.

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

15. EQUITY SETTLED SHARE-BASED TRANSACTIONS

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 2010 and 30 September 2010	190,850,000

During the period, there were no share options granted, exercised, nor lapsed.

During the period, the Group recognised the total expense of HK$6,329,000 (HK$6,894,000 for the six months ended 30 September 2009) in relation to share options granted by the Company.

16. OPERATING LEASE COMMITMENTS

As at 30 September 2010, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

As lessee

The Group is the lessee 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.

	30.9.2010 HK$'000 (unaudited)	31.3.2010 HK$'000 (audited)
Within one year	**9,818**	9,807
After one year but within five years	**11,932**	13,020
	21,750	22,827

17. CONTINGENT LIABILITIES

As at 30 September 2010, the Group had contingent liabilities in relation to the loan guarantee business in China of approximately RMB3,088,179,000 (31 March 2010: RMB3,500,113,000), equivalent to approximately HK$3,549,631,000 (31 March 2010: HK$3,932,711,000) in which approximately RMB8,083,000 (31 March 2010: RMB9,060,000), equivalent to approximately HK$9,291,000 (31 March 2010: HK$10,180,000) had been recognised in the condensed consolidated statement of financial position as liabilities.

18. RELATED PARTY TRANSACTIONS

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

(a) Key management personnel remuneration

	1.4.2010 to 30.9.2010 HK$'000 (unaudited)	1.4.2009 to 30.9.2009 HK$'000 (unaudited)
Short-term employee benefits	**4,018**	4,273
Post-employment benefits	**38**	109
Share-based payment	**5,396**	5,588
	9,452	9,970

(b) Transactions with related parties

	1.4.2010 to 30.9.2010 HK$'000 (unaudited)	1.4.2009 to 30.9.2009 HK$'000 (unaudited)
Management fee income received from an associate	**1,193**	2,069
Rental expense paid to a related company with common controlling shareholders	**1,296**	1,296
Rental expense paid to a non-controlling shareholder of a subsidiary	**300**	297

AUDIT COMMITTEE

The Audit Committee has been established by the Company to review and supervise the financial reporting process and the internal control procedures of the Group. It comprises all Independent Non-executive Directors of the Company. The Audit Committee has reviewed the interim results for the six months ended 30 September 2010 and the 2010/11 interim report.

INDEPENDENT REVIEW

The interim results for the Period are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, by the Company's auditor, whose independent review report has been included in page 7 of this report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

At 30 September 2010, the Directors and chief executive of the Company ("Chief Executive") and their respective associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO:

Interests in Shares/underlying Shares of the Company

Name of Director	Capacity	Number of Shares	Number of underlying Shares of share options of the Company	Approximate percentage of issued share capital of the Company
Mr. Wang Jun ("Mr. Wang")	Interest in controlled corporation	101,251,300 *(Note 1)*	–	3.69%
	Beneficial owner	–	25,000,000 *(Note 2)*	0.91%
Mr. Wong Yu Lung, Charles ("Mr. Wong")	Interest in controlled corporation	855,808,725 *(Note 1 on page 26)*	–	31.18%
	Beneficial owner	–	25,000,000 *(Note 2)*	0.91%
	Beneficial owner	–	26,000,000 *(Note 3)*	0.95%
Ms. Wong, Michelle Yatyee ("Ms. Michelle Wong")	Interest in controlled corporation	568,806,792 *(Note 3 on page 26)*	–	20.72%
	Beneficial owner	–	16,000,000 *(Note 4)*	0.58%
Mr. Ding Chung Keung, Vincent ("Mr. Ding")	Beneficial owner	46,000,000	–	1.68%
	Beneficial owner	–	25,000,000 *(Note 2)*	0.91%
	Beneficial owner	–	26,000,000 *(Note 3)*	0.95%
Mr. Kee Wah Sze	Beneficial owner	38,000,000	–	1.38%
Mr. Xie Xiao Qing ("Mr. Xie")	Interest in controlled corporation	125,000,000 *(Note 5)*	–	4.55%
	Beneficial owner	1,900,000	–	0.07%
	Beneficial owner	–	16,000,000 *(Note 4)*	0.58%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS (continued)

Interests in Shares/underlying Shares of the Company (continued)

Name of Director	Capacity	Number of Shares	Number of underlying Shares of share options of the Company	Approximate percentage of issued share capital of the Company
Mr. Ma Ho Fai SBS JP	Beneficial owner	1,200,000	–	0.04%
Mr. Melvin Jitsumi Shiraki	Beneficial owner	5,540,000	–	0.20%
Mr. Cheng Yuk Wo ("Mr. Cheng")	Beneficial owner	–	1,600,000 *(Note 6)*	0.06%

Interests in ordinary shares of the associated corporation

Name of Director	Capacity	Name of associated corporation	Number of shares	Approximate percentage
Mr. Xie	Interest in controlled corporation	Rongzhong	4,942,600	19.01%

Notes:

1. These Shares were held by Canasia Profits Corporation (which was wholly-owned by Mr. Wang).

2. On 17 August 2007, each of Mr. Wang, Mr. Wong and Mr. Ding was granted 25,000,000 options under the share option scheme of the Company (the "Share Option Scheme") to subscribe for 25,000,000 Shares respectively, exercisable at a price of HK$1.014 per Share during the period from 17 August 2010 to 16 August 2017.

3. On 13 October 2009, each of Mr. Wong and Mr. Ding was granted 26,000,000 options under the Share Option Scheme to subscribe for 26,000,000 Shares respectively, exercisable at a price of HK$0.50 per Share during the period from 13 October 2012 to 12 October 2019.

4. On 29 March 2007, each of Mr. Xie and Ms. Michelle Wong was granted 16,000,000 options under the Share Option Scheme to subscribe for 16,000,000 Shares respectively, exercisable at a price of HK$0.256 per Share during the period from 29 March 2010 to 28 March 2017.

5. These Shares were held by Yong Hua International Limited, a company wholly-owned by Mr. Xie.

6. On 23 May 2008, Mr. Cheng was granted 1,600,000 options under the Share Option Scheme to subscribe for 1,600,000 Shares, exercisable at a price of HK$0.692 per Share during the period from 23 May 2011 to 22 May 2018.

All the interests stated above represent long positions.

Save for those disclosed above, at 30 September 2010, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any Director or the Chief Executive or any its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. Nor any of the Directors and the Chief Executive (including their spouses and children under the age of 18) had, at 30 September 2010, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its associated corporations within the meaning of the SFO, or had exercised any such rights.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

At 30 September 2010, the interests in Shares and/or underlying Shares of the Company of every person (other than the Directors and Chief Executive) as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity	Number of Shares	Number of underlying Shares of share options of the Company	Approximate percentage of issued share capital of the Company
Mrs. Wong Fang Pik Chun ("Mrs. Wong")	Interest in controlled corporation	855,808,725 *(Note 1)*	–	31.18%
	Interest of spouse	–	51,000,000 *(Note 2)*	1.86%
Allied Luck Trading Limited ("Allied Luck")	Beneficial owner	855,808,725 *(Note 1)*	–	31.18%
Kwok, Gareth Wing-Sien ("Mr. Kwok")	Interest of spouse	568,806,792 *(Note 3)*	16,000,000 *(Note 4)*	21.31%
Ace Solomon Investments Limited ("Ace Solomon")	Beneficial owner	568,806,792 *(Note 3)*	–	20.72%
Aceyork Investment Limited ("Aceyork")	Interest in controlled corporation	568,806,792 *(Note 3)*	–	20.72%
Allied Golden Investment Limited ("Allied Golden")	Interest in controlled corporation	568,806,792 *(Note 3)*	–	20.72%
Wong, Jacqueline Yue Yee ("Miss Jacqueline Wong")	Interest in controlled corporation	568,806,792 *(Note 3)*	–	20.72%
Martin Currie (Holdings) Limited	Interest in controlled corporation	163,280,000 *(Note 5)*	–	5.95%

Notes:

1. These Shares were held by Allied Luck which in turn owned as to 50% by Mr. Wong and as to 50% by Mrs. Wong, the spouse of Mr. Wong. As such, each of Mr. Wong and Mrs. Wong was respectively taken to have an interest in such Shares by virtue of their respective shareholding interests in Allied Luck.

2. As disclosed in Notes 2 and 3 on page 25 of this report, Mr. Wong was granted a total of 51,000,000 share options to subscribe for 51,000,000 Shares. As such, Mrs. Wong was taken to have such interest in the underlying Shares under the provisions of the SFO.

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

4. As disclosed in Note 4 on page 25, Ms. Michelle Wong was granted 16,000,000 share options to subscribe for 16,000,000 Shares. As such, Mr. Kwok was taken to have such interest in the underlying Shares under the SFO.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS (continued)

Notes: (continued)

5. According to the best knowledge of the Directors and the disclosure of interest notice filed by Martin Currie (Holdings) Limited, among these Shares, 24,490,000 Shares were directly held by Martin Currie Inc and 138,790,000 Shares were directly held by Martin Currie Investment Management.

   Martin Currie Inc and Martin Currie Investment Management are wholly-owned subsidiaries of Martin Currie Ltd., which in turn is a wholly-owned subsidiary of Martin Currie (Holdings) Limited.

All the interests stated above represent long positions.

Save for those disclosed above, at 30 September 2010, the Company had not been notified of any persons who had interests or short position in Shares and underlying Shares of the Company, which are required to be recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

The Share Option Scheme was adopted on 18 September 2002 with amendments made on 29 August 2003 to give clarity to it. The key terms of the Share Option Scheme had been summarised in our 2009/10 Annual Report despatched in July this year.

Details of the movements of share options during the Period were as follows:

Grantee	Date of grant	Exercise price *(HK$)*	Exercisable period	Outstanding at 31/3/10	Outstanding at 30/9/10
Directors					
Mr. Wang	17/8/2007	1.014	17/8/2010 – 16/8/2017	25,000,000	25,000,000
Mr. Wong	17/8/2007	1.014	17/8/2010 – 16/8/2017	25,000,000	25,000,000
	13/10/2009	0.500	13/10/2012 – 12/10/2019	26,000,000	26,000,000
Mr. Ding	17/8/2007	1.014	17/8/2010 – 16/8/2017	25,000,000	25,000,000
	13/10/2009	0.500	13/10/2012 – 12/10/2019	26,000,000	26,000,000
Ms. Michelle Wong	29/3/2007	0.256	29/3/2010 – 28/3/2017	16,000,000	16,000,000
Mr. Xie	29/3/2007	0.256	29/3/2010 – 28/3/2017	16,000,000	16,000,000
Mr. Cheng	23/5/2008	0.692	23/5/2011 – 22/5/2018	1,600,000	1,600,000
Eligible employees	17/8/2007	1.014	17/8/2010 – 16/8/2017	17,300,000	17,300,000
(in aggregate)	23/5/2008	0.692	23/5/2011 – 22/5/2018	3,500,000	3,500,000
	31/12/2008	0.345	31/12/2011 – 30/12/2018	6,000,000	6,000,000
	13/3/2009	0.360	13/9/2011 – 12/3/2019	1,000,000	1,000,000
	13/3/2009	0.360	13/3/2012 – 12/3/2019	2,200,000	2,200,000
	13/10/2009	0.500	13/10/2012 – 12/10/2019	250,000	250,000
				190,850,000	190,850,000

Notes:

1. No share options were granted, exercised, lapsed or cancelled during the Period; and

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

RULE 13.21 OF THE LISTING RULES

Pursuant to Rule 13.21 of the Listing Rules, the following specific performance obligation of the Controlling Shareholders (as defined below) existed at 30 September 2010:

On 2 September 2009, an indirect 71% subsidiary of the Company (the "Subsidiary") as borrower entered into a facility agreement (the "Facility Agreement") with a bank established in the PRC (the "Bank") as lender whereby the Bank had agreed to grant a two-year term loan facility of RMB100 million to the Subsidiary.

Pursuant to the Facility Agreement, it would be an event of default thereunder if the Subsidiary fails to ensure that Mr. Wong and/or his associates (which has the meaning ascribed to it under the Listing Rules) (collectively the "Controlling Shareholders") at all times during the term of the Facility Agreement maintain their aggregate shareholding in the Company at not less than 35%.

The occurrence of the aforesaid event of default would render the outstanding liabilities of the Subsidiary under the Facility Agreement to become immediately due and payable.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiary has purchased, sold or redeemed any of the Company's listed securities during the Period.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of the Directors of the Company, all the Directors confirmed that they have complied with the required standard of dealings and code of conduct regarding securities transactions by directors set out in the Model Code during the Period.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the Period, the Company has applied the principles and complied with the applicable code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.