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GOLDBOND GROUP HOLDINGS LIMITED

金榜集團控股有限公司

(incorporated in Hong Kong with limited liability)
(Stock code: 172)

DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION AND DISCLOSURE PURSUANT TO RULES 13.13 AND 13.16 OF THE LISTING RULES

On 25 January 2006, the Agreement was entered into between the Company and GCHL in relation to the grant of the Revolving Facility, a term loan facility of up to HK\$40,000,000, by the Company to GCHL for a term of three years commencing from the date of the Agreement.

Since the relevant figures for the transaction under the Agreement exceed 8% of the Percentage Ratios, the entering into the Agreement is subject to the disclosure requirements under Rules 13.13 and 13.16 of the Listing Rules.

The amount of the Revolving Facility represents approximately 5.7% and 22.4% of the Total Assets and Market Capitalisation respectively. As a result, the provision of the Revolving Facility by the Company constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Mr. Kee, a Director and hence a connected person of the Company, is beneficially interested in approximately 41.63% of GCHL through his interest in GCIHL. As the Revolving Facility is revolving in nature, the provision of the Revolving Facility by the Company to GCHL constitutes a continuing connected transaction of and financial assistance by the Company under Chapter 14A of the Listing Rules. As the maximum annual amount to be involved under the Revolving Facility will exceed HK\$10,000,000, it is subject to reporting, announcement and independent shareholders' approval requirements under Rules 14A.35 and 14A.63 of the Listing Rules.

Menlo Capital Limited has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder.

A circular containing, among others, further details of the Agreement and the respective advice of the Independent Board Committee and the independent financial adviser will be despatched to the Shareholders as soon as practicable.

The Agreement

On 25 January 2006, the Agreement was entered into between the Company and GCHL in relation to the grant of the Revolving Facility, a term loan facility of up to HK\$40,000,000, by the Company to GCHL for a term of three years commencing from the date of the Agreement.

The Revolving Facility carries an interest rate of 3% above the Prime Rate or the Cost of Funding (whichever is higher), payable by GCHL to the Company on the last day of each Interest Period. These terms are determined after arm's length negotiations between the parties thereto the Agreement. Further, the Revolving Facility is unsecured and repayable by GCHL to the Company at expiry of the Agreement or at such time(s) as agreed by the parties to the Agreement.

In addition, GCHL shall pay to the Company a commitment fee equivalent to 0.25% per annum on the daily undrawn balance of the Revolving Facility from the date of completion of the Agreement until the date falling 36 months from the date of the Agreement (the "Drawdown Period"). Such commitment fee shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed in a year of 365 days and be payable monthly in arrears from the date of completion of the Agreement and on the last day of the Drawdown Period or on such earlier date on which the Revolving Facility is reduced to zero, and the first payment shall be made one month after the date of completion of the Agreement.

The source of funding of the Revolving Facility will be from, among others, bank borrowings and/or internal resources of the Group (the "Source of Funding").

The Company will fulfil the continuing disclosure obligation under Chapter 13 of the Listing Rules so long as circumstances giving rise to such disclosure obligation continue to exist.

Conditions precedent of the Agreement

Completion of the Agreement is conditional upon the following:

1. the Company having obtained the clearance from the Stock Exchange for the release or publication of all announcements, circulars, documents and other matters as may be required by the Company in connection with the Agreement and the transaction contemplated thereunder;
2. the Independent Shareholders having approved, by poll, the Agreement and the transactions contemplated thereunder in accordance with the Listing Rules;
3. the Company having received from GCHL Group a letter issued by SFC approving in principle the application of the Subordinated Loan (as defined below) by Goldbond Securities Limited, a wholly owned subsidiary of GCHL; and
4. all other approvals and consents as the Company may require having been obtained to its satisfaction.

As of the date of this announcement, condition (3) has been satisfied. The Directors expect all other conditions to be fulfilled on or before 31 March 2006. If any of the conditions are not fulfilled to the satisfaction of the Company or waived by the Company at its absolute discretion on or before the long stop date (30 April 2006), the Company may elect to extend such date to a later date or to terminate this Agreement. Conditions (1) and (2) will not be waived by either the Company. Should condition (4) is to be waived by the Company, the Company will advise the Independent Shareholders according to the Listing Rules and such waiver will be subject to the approval of the Independent Shareholders.

Reasons for and benefits of the entering into the Agreement

As at the date of this announcement, the Company through its wholly owned subsidiary, is beneficially interested in 20% of GCHL. The Revolving Facility will be on-lent by GCHL to its subsidiary, Goldbond Securities Limited, by way of a subordinated loan (the "Subordinated Loan") to facilitate the operation and for general working capital purposes of the GCHL Group. As a shareholder of GCHL, the Directors believe that the provision of the Revolving Facility would facilitate the operation of GCHL Group for its continual developments and at the same time, generation of income for the Company.

Under the terms of the Agreement, the difference between the interest of the Revolving Facility and the Source of Funding, which also represents the net interest income of the Group, will not be less than 3% of the amount being drawdown by GCHL. Having considered such expected income, the Directors consider that the provision of the Revolving Facility to GCHL is in the interests of the Company and the Shareholders as a whole.

The Directors consider that the Agreement was entered into under normal commercial terms and the terms thereof are fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

INFORMATION ON GCHL

GCHL was incorporated on 2 July 2002 and is currently owned as to 20% by Flourish Global Limited (a wholly owned subsidiary of the Company), 46.25% by GCIHL, 18.125% by Armstrong, 9.375% by an independent third party and 6.25% by a trustee for holding of shares in GCHL for the benefit of key management personnel of GCHL.

With its head office located in Hong Kong, the GCHL Group 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, mergers and acquisitions, underwriting and arrangement of fund raising, debt and corporate restructuring and asset management. GCHL's subsidiaries have obtained all necessary licences and approvals (if required) from the SFC and other regulatory bodies to conduct securities-related business.

GENERAL

The Group is principally engaged in property development and investment and provision of financial services in Hong Kong and The People's Republic of China. As set out in the annual report of the Company for the financial year ended 31 March 2005, the Group takes every opportunity to focus upon and expand its strategic business developments in property and finance industries with proactive approach.

Since the relevant figures for the transaction under the Agreement exceed 8% of the Percentage Ratios, the entering into the Agreement is subject to the disclosure requirements under Rules 13.13 and 13.16 of the Listing Rules.

The amount of the Revolving Facility represents approximately 5.7% and 22.4% of the Total Assets and Market Capitalisation respectively. As a result, the provision of the Revolving Facility by the Company constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Mr. Kee, being a Director and hence a connected person of the Company, is beneficially interested in approximately 41.63% of GCHL through his interest in GCIHL. As the Revolving Facility is revolving in nature, the provision of the Revolving Facility by the Company to GCHL constitutes a continuing connected transaction of and financial assistance by the Company under Chapter 14A of the Listing Rules. As the Revolving Facility is for an amount of up to HK\$40,000,000, therefore the outstanding amount of the Revolving Facility will not be, at any point of time during the period from 25 January 2006 to 31 March 2006 and each of the two financial years ending 31 March 2008 and from 1 April 2008 until the expiry of the Agreement (i.e. 24 January 2009) be more than HK\$40,000,000, which is also the annual cap for the transaction for each of the financial year ending 31 March 2006, 2007 and 2008 of the Company. Subsequent to 31 March 2008, the Company will make further announcement and seek shareholders' approval (if necessary) for the Revolving Facility in accordance with the Listing Rules. As the maximum annual amount to be involved under the Revolving Facility will exceed HK\$10,000,000, it is subject to reporting, announcement and independent shareholders' approval requirements under Rules 14A.35 and 14A.63 of the Listing Rules. Mr. Kee and his associates will abstain from voting on the proposed resolution in relation to the Agreement.

Menlo Capital Limited has been appointed as the independent financial adviser of the Company to advise the Independent Shareholders and the Independent Board Committee on the terms of the Agreement.

A circular containing, among others, further details of the Agreement and the respective advice of the independent financial adviser and the Independent Board Committee will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

“Agreement”	the agreement dated 25 January 2006 entered into between the Company and GCHL for the provision of the Revolving Facility by the Company
“Armstrong”	Armstrong Capital Limited, beneficially wholly owned by Mr. Ko Po Ming, a former Director
“associates”	has the same meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Goldbond Group Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Cost of Funding”	cost of funding to the Company for the provision of the Revolving Facility, which equals to 0.85% above the one, two or three month(s) Hong Kong Interbank Offered Rates (HIBOR)
“Director(s)”	the director(s) of the Company
“GCHL”	Goldbond Capital Holdings Limited, a company incorporated in Hong Kong with limited liability which is owned as to 20% by Flourish Global Limited (a wholly owned subsidiary of the Company), 46.25% by GCIHL, 18.125% by Armstrong, 9.375% by an independent third party and 6.25% by a trustee for holding of shares in GCHL for the benefit of key management personnel of GCHL
“GCHL Group”	GCHL and its subsidiaries
“GCIHL”	Goldbond Capital Investment Holdings Limited, a company indirectly owned as to 90% by Mr. Kee and 10% by Mr. Wong, both Directors
“Group”	the Company and its subsidiaries
“Independent Board Committee”	an independent board committee of the Company to be formed, for the purpose of advising the Independent Shareholders in relation to the provision of the Revolving Facility by the Company
“Independent Shareholders”	the Shareholders other than Mr. Kee
“independent third party(ies)”	a person(s) or company(ies) which is/are independent of any of the directors, the controlling Shareholders, the substantial shareholders and the chief executive (as such term is defined in the Listing Rules) of the Company or any of its subsidiaries and their respective associates
“Interest Period”	means each period, with a duration of one month, two months or three months, specified by GCHL for the calculation of interest on the Revolving Facility or any part thereof, as the case may be, in relation to any drawdown of the Revolving Facility
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Market Capitalisation”	the market capitalisation of the Company of approximately HK\$178,214,000 based on the average closing price of HK\$0.1072 per Share for the five business days immediately preceding the date of the Agreement

“Mr. Kee”	Mr. Kee Wah Sze, a Director
“Mr. Wong”	Mr. Wong Yu Lung, Charles, a Director and Chief Executive Officer of the Company
“Percentage Ratios”	the percentage ratios under Rule 14.07 of the Listing Rules, other than the revenue ratio, equity capital ratio and profits ratio
“Prime Rate”	the best lending rate offered by The Hongkong and Shanghai Banking Corporation Limited
“Revolving Facility”	the unsecured revolving facility in the amount of up to HK\$40,000,000 to be provided by the Company to GCHL
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Assets”	total assets of the Company as at 30 September 2005
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

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

Hong Kong, 26 January 2006

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