
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Goldbond Group Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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 CONNECTED TRANSACTION

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**

CROSBY
CAPITAL PARTNERS

Crosby Capital Partners (Hong Kong) Limited

A letter from the Board is set out on pages 4 to 12 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on page 13 of this circular.

A letter from Crosby, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 23 of this circular.

A notice convening the EGM to be held at Taishan Room, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong at 10:20 a.m. on 16 December 2004 is set out on pages 33 to 34 to this circular.

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

25 November 2004

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DEFINITIONS

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

“‘A’ Preference Shares”	the non-interest bearing redeemable convertible preference shares of par value HK\$0.10 each in the existing preference share capital of the Company issued and allotted on 18 September 2001
“‘B’ Preference Shares”	the non-interest bearing redeemable convertible preference shares of par value HK\$0.10 each in the existing preference share capital of the Company issued and allotted on 18 September 2001
“associates”	has the meaning as ascribed to it 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
“Crosby”	Crosby Capital Partners (Hong Kong) Limited, a licensed corporation registered under the SFO to carry out Types 1, 4, 6 and 9 regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be held at Taishan Room, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong at 10:20 a.m. on 16 December 2004 to consider the proposed ordinary resolution to approve the Subscription and any adjourned meeting thereof
“Fulfilment Date”	the date on which all the conditions set out in the paragraph headed “Conditions precedent to the subscription of new shares in Rongzhong BVI and the Shareholder’s Loan” in the section headed “Letter from the Board” have been fulfilled
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Messrs. Ip Yin Wah, Ma Ho Fai, Shiraki Melvin Jitsumi and Zhang Xiao Shu, which has been formed to advise the Independent Shareholders in respect of the Subscription
“Independent Shareholders”	Shareholders other than Mr. Wong and his associates
“Latest Practicable Date”	19 November 2004, being the latest practicable date prior to printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Legend Crown”	Legend Crown International Limited, a company incorporated in the British Virgin Islands with limited liability, an independent third party not connected with the directors, chief executive, substantial shareholders of the Company or any of its subsidiaries, and/or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Company”	a wholly foreign owned enterprise to be wholly owned by Rongzhong BVI and established under the laws of the PRC
“Mr. Wong”	Mr. Wong Yu Lung, Charles, a Director
“Mr. Xie”	Mr. Xie Xiao Qing, an independent third party not connected with the directors, chief executive, substantial shareholders of the Company or any of its subsidiaries, and/or their respective associates
“Nanfang Poly”	保利南方集團有限公司 (for identification purpose, in English, Nanfang Group Poly Limited), a company established under the laws of the PRC
“Nanfang Poly’s Nominee”	the nominee of Nanfang Poly, a company acceptable by Perfect Honour, Mr. Xie and Legend Crown, for the purpose of taking up the new shares in Rongzhong BVI to be subscribed by Nanfang Poly
“Percentage Ratios”	the percentage ratios under Rule 14.07 of the Listing Rules, other than the revenue ratio, profit ratio and equity capital ratio
“Perfect Honour”	Perfect Honour Limited, a wholly owned subsidiary of the Company
“PRC”	The People’s Republic of China

DEFINITIONS

“Prime Rate”	the best lending rate offered by The Hongkong and Shanghai Banking Corporation Limited
“Rongzhong Board”	the board of directors of Rongzhong BVI
“Rongzhong BVI”	Rongzhong Group Limited, a company incorporated in the British Virgin Islands on 3 March 2004 whose entire issued share capital as at the Latest Practicable Date is wholly owned by Mr. Xie
“Rongzhong Group”	Rongzhong BVI, the Management Company and other associated companies and subsidiaries which Rongzhong BVI may establish in the future
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loan”	the shareholder’s loan of RMB42,000,000 (equivalent to approximately HK\$39,623,000), or its equivalent in Hong Kong dollar to be advanced by Perfect Honour to Rongzhong BVI pursuant to the terms of the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the transactions contemplated under the Subscription Agreement, including the subscription of new shares in Rongzhong BVI and the provision of the Shareholder’s Loan
“Subscription Agreement”	the subscription agreement dated 1 November 2004 entered into between Perfect Honour, Mr. Xie, Nanfang Poly, Legend Crown and Rongzhong BVI in relation to the Subscription
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“USD”	United States Dollars, the lawful currency of the United States

Translation of United States Dollars into Hong Kong dollars is based on the exchange rate of USD1.00 to HK\$7.80 and Renminbi into Hong Kong dollars is based on the exchange rate of RMB1.06 to HK\$1.00.

LETTER FROM THE BOARD



GOLDBOND GROUP HOLDINGS LIMITED

金榜集團控股有限公司

(Incorporated in Hong Kong with limited liability)

Executive Directors:

Mr. Wong Yu Lung, Charles
Mr. Ko Po Ming
Ms. Loh Jiah Yee, Katherine
Mr. Lan Ning
Mr. Kee Wah Sze

Registered and principal office:

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

Independent non-executive Directors:

Mr. Ip Yin Wah
Mr. Ma Ho Fai
Mr. Shiraki Melvin Jitsumi
Mr. Zhang Xiao Shu

25 November 2004

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

It was announced by the Company on 5 November 2004 that on 1 November 2004, Perfect Honour, a wholly owned subsidiary of the Company, agreed to subscribe for 40 new shares in Rongzhong BVI, representing 40% of the enlarged share capital of Rongzhong BVI at a cash consideration of USD40 (equivalent to approximately HK\$312) which would be paid by Perfect Honour within 14 calendar days after the Fulfilment Date, or on such other date as may be agreed by parties (other than Rongzhong BVI) to the Subscription Agreement (namely, Perfect Honour, Mr. Xie, Nanfang Poly and Legend Crown) in writing.

Pursuant to the Subscription Agreement, Perfect Honour has undertaken to the other parties to the Subscription Agreement to advance to Rongzhong BVI the Shareholder's Loan of RMB42,000,000 (equivalent to approximately HK\$39,623,000), or its equivalent in Hong Kong dollar at an annual interest rate equivalent to the Prime Rate. The Shareholder's Loan will be advanced within 30 calendar days from the Fulfilment Date, or such later date as may

LETTER FROM THE BOARD

be agreed by parties (other than Rongzhong BVI) to the Subscription Agreement (namely, Perfect Honour, Mr. Xie, Nanfang Poly and Legend Crown) in writing, which sum will be used as working capital for the Rongzhong Group. In addition, Nanfang Poly has undertaken to arrange banking facility in the amount of RMB40,000,000 and to provide all collaterals and/or guarantees which the financiers of the banking facility may require while Perfect Honour, Mr. Xie and Mr. Wong have agreed to provide back-to-back guarantee.

The subscription of new shares in Rongzhong BVI, the provision of the Shareholder's Loan by Perfect Honour and the provision of back-to-back guarantee by Perfect Honour constitute connected transactions for the Company under the Listing Rules. In addition, as the relevant figures for the Subscription (which comprises the consideration for the subscription of new shares in Rongzhong BVI and the Shareholder's Loan) under the Percentage Ratios exceed 5%, the entering into of the Subscription Agreement constitutes a discloseable transaction for the Company under the Listing Rules. As a result, the Subscription will constitute a discloseable and connected transaction for the Company and is subject to disclosure and independent shareholders' approval requirements under the Listing Rules.

Mr. Wong has represented to the Board that he and his associates shall abstain from voting at the EGM.

THE SUBSCRIPTION AGREEMENT

Date

1 November 2004

Parties

- (1) Perfect Honour;
- (2) Mr. Xie;
- (3) Nanfang Poly;
- (4) Legend Crown; and
- (5) Rongzhong BVI

Mr. Xie, Legend Crown and Rongzhong BVI and their respective ultimate beneficial owners are independent third parties not connected with the directors, chief executive, substantial shareholders of the Company or any of its subsidiaries, and/or their respective associates. Nanfang Poly is the holding company of 廣州保利投資有限公司 (for identification purpose, in English, Guangzhou Poly Investment Limited) which is interested in 10% of the issued share capital of Goldbond Poly Investment Holdings Limited, a 90% owned subsidiary of the Company. As a result, Nanfang Poly is an associate of a connected person of the Company under the Listing Rules by virtue of its indirect interest in a subsidiary of the Company.

LETTER FROM THE BOARD

The subscription of new shares in Rongzhong BVI

Perfect Honour has agreed to subscribe for 40 new shares of Rongzhong BVI, representing 40% of the enlarged share capital of Rongzhong BVI at a cash consideration of USD40 (equivalent to approximately HK\$312) which will be paid by Perfect Honour within 14 calendar days after the Fulfilment Date, or on such other date as may be agreed by parties (other than Rongzhong BVI) to the Subscription Agreement (namely, Perfect Honour, Mr. Xie, Nanfang Poly and Legend Crown) in writing.

The consideration was arrived at after arm's length negotiations between the parties and represents the nominal value of the 40 shares of Rongzhong BVI to be subscribed by Perfect Honour.

Mr. Xie, Nanfang Poly's Nominee and Legend Crown will subscribe for 34, 20 and 5 new shares of Rongzhong BVI at a total cash consideration of USD34, USD20 and USD5 (equivalent to approximately HK\$265, HK\$156 and HK\$39) respectively.

As at the Latest Practicable Date, the total issued share capital of Rongzhong BVI is one share with par value at USD1 and is wholly owned by Mr. Xie. Upon completion of the Subscription Agreement, Rongzhong BVI will be owned as to 40%, 35%, 20% and 5% by Perfect Honour, Mr. Xie, Nanfang Poly's Nominee and Legend Crown respectively. As Perfect Honour is only interested in 40% of the issued share capital of Rongzhong BVI, therefore Rongzhong BVI will not be treated as a subsidiary of Perfect Honour upon completion of the Subscription. Pursuant to the Subscription Agreement, the subscription of new shares in Rongzhong BVI will be completed within 14 calendar days after the Fulfilment Date, or on such other date as may be agreed by parties (other than Rongzhong BVI) to the Subscription Agreement (namely, Perfect Honour, Mr. Xie, Nanfang Poly and Legend Crown) in writing.

The Shareholder's Loan

Pursuant to the Subscription Agreement, Perfect Honour has undertaken to the other parties to the Subscription Agreement to advance to Rongzhong BVI the Shareholder's Loan of RMB42,000,000 (equivalent to approximately HK\$39,623,000), or its equivalent in Hong Kong dollar at an annual interest rate equivalent to the Prime Rate. The Shareholder's Loan will be advanced within 30 calendar days from the Fulfilment Date, or on such later date as may be agreed by parties (other than Rongzhong BVI) to the Subscription Agreement (namely, Perfect Honour, Mr. Xie, Nanfang Poly and Legend Crown) in writing, which will be used as working capital for the Rongzhong Group. The Shareholder's Loan will be financed by the proceeds from the CN Subscription Agreement (as defined in the circular of the Company dated 14 May 2004). In addition, Mr. Xie has undertaken to the other parties to the Subscription Agreement to advance to Rongzhong BVI a shareholder's loan of RMB20,000,000 (equivalent to approximately HK\$18,868,000), or its equivalent in Hong Kong dollar at an annual interest rate equivalent to the Prime Rate. Such shareholder's loan will be advanced within 30 calendar days from the Fulfilment Date, or on such later date as may be agreed by parties (other than Rongzhong BVI) to the Subscription Agreement (namely, Perfect Honour, Mr. Xie, Nanfang Poly and Legend Crown) in writing.

LETTER FROM THE BOARD

The two shareholders' loans to Rongzhong BVI to be advanced by Perfect Honour and Mr. Xie in the amounts of RMB42,000,000 and RMB20,000,000 (equivalent to approximately HK\$39,623,000 and HK\$18,868,000) (collectively, the "Registered Monies") respectively, or their respective equivalent in Hong Kong dollar will be unsecured and repayable in two years, or on such later date as may be agreed by Perfect Honour, Mr. Xie and Rongzhong BVI in writing. Considering the relatively small shareholding held by Legend Crown, the parties to the Subscription Agreement consider it to be reasonable not to require Legend Crown to provide any initial shareholder's loan to Rongzhong BVI. The Registered Monies will be applied as Rongzhong BVI's registered capital contribution in the Management Company. At present, it is intended that the registered capital of the Management Company will be RMB62,000,000, or its equivalent in Hong Kong dollar (or such amount as agreed by parties (other than Rongzhong BVI) to the Subscription Agreement (namely, Perfect Honour, Mr. Xie, Nanfang Poly and Legend Crown)).

In addition, Nanfang Poly has undertaken to arrange banking facility in the amount of RMB40,000,000 for the Management Company and/or such entities as sub-contracted to the Management Company for the management of the Rongzhong Group's business ("Bank Facility") within 90 days from the date on which the Registered Monies have been applied as registered capital contribution of Rongzhong BVI to the Management Company, or on such other date as may be agreed by parties (other than Rongzhong BVI) to the Subscription Agreement (namely, Perfect Honour, Mr. Xie, Nanfang Poly and Legend Crown) in writing. Nanfang Poly has also undertaken to provide all collaterals and/or guarantees that provider(s) of the Bank Facility may require for provision of the Bank Facility while Perfect Honour, Mr. Xie and Mr. Wong agreed to provide back-to-back guarantees, which are determined on arm's length basis between the parties to the Subscription Agreement, to Nanfang Poly in the following manner:

- (a) as to RMB17,500,000 by Perfect Honour and Mr. Xie on a several and 50:50 basis, pledged by their respective shares held in Rongzhong BVI; and
- (b) as to RMB10,000,000 by Mr. Wong.

Nanfang Poly shall receive a fee equivalent to 3% per annum of the average daily outstanding amount of the Bank Facility during the financial year for its provision of guarantee services for the Bank Facility. Such fee is agreed with reference to the market rate for the provision of guarantee services in the PRC, payable annually within 60 days after the end of each financial year.

Pursuant to the Subscription Agreement, Perfect Honour shall have the right to nominate at least three representatives to the Rongzhong Board and each of Mr. Xie, Nanfang Poly and Legend Crown shall have the right to nominate one representative to the Rongzhong Board. One of the three representatives nominated by Perfect Honour to the Rongzhong Board shall act as the chairman of such board and he/she shall be entitled to a casting vote.

LETTER FROM THE BOARD

As Nanfang Poly's Nominee is a minority shareholder of Rongzhong BVI and the arrangement of the Bank Facility relative to its shareholding in Rongzhong BVI is relatively much higher than that of Perfect Honour and Mr. Xie and in addition, Nanfang Poly is only entitled to appoint one representative to the Rongzhong Board as mentioned above, Perfect Honour and Mr. Xie consider that it is reasonable to provide the abovementioned back-to-back guarantees to Nanfang Poly.

Pursuant to the Subscription Agreement and a letter from Ms. Cheng Xi (a party to the Previous Subscription Agreement (as defined below)) dated 1 November 2004, it was agreed that the subscription agreement dated 19 March 2004 (as supplemented by a supplemental agreement dated 30 March 2004 and two extension agreements dated 15 July 2004 and 15 October 2004 (as disclosed in the announcements of the Company dated 19 July 2004 and 18 October 2004 respectively)) (together the "Previous Subscription Agreement") will be terminated upon completion of the subscription of new shares in Rongzhong BVI and the provision of the two shareholders' loans by Perfect Honour and Mr. Xie. As completion of the Previous Subscription Agreement is one of the conditions precedent for completion of the option agreement dated 19 March 2004 made between Wah Link Investments Limited and Perfect Honour (as disclosed in the circular of the Company dated 14 May 2004) (the "Option Agreement"), the Option Agreement will be automatically terminated on 18 January 2005, being the long stop date for fulfilment of the conditions precedent pursuant to the terms thereof. As mutually agreed by the parties to the Previous Subscription Agreement, they considered that it would be a strategic move to introduce Nanfang Poly as one of the shareholders of Rongzhong BVI which will be beneficial to the overall operation of the Rongzhong Group. Therefore, they agreed to terminate the Previous Subscription Agreement. Further, the Directors confirm that the termination of the Previous Subscription Agreement and the Option Agreement will not have any material adverse impact on the financial position and operation of the Group.

The Directors consider that the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent to the subscription of new shares in Rongzhong BVI and the Shareholder's Loan

Completion of the subscription of new shares in Rongzhong BVI and the provision of the Shareholder's Loan are conditional upon the fulfilment of the following conditions:

- (a) the relevant announcement(s) and circular of the Company in relation to the Subscription having been published in accordance with the Listing Rules; and
- (b) the approval of the Subscription Agreement and the transactions contemplated therein by the Independent Shareholders at the EGM.

All the conditions above cannot be waived by the parties to the Subscription Agreement.

LETTER FROM THE BOARD

Non-competition undertaking

At present, Mr. Xie operates loan guarantee businesses for individuals in the provinces of Guangzhou, Wuhan, Chongqing, Changsha and Chengdu of the PRC (the “Existing Locations”). Pursuant to the Subscription Agreement, Mr. Xie has undertaken to offer the Rongzhong Group or any other company(ies) as designated by the Rongzhong Board the first right of refusal to manage loan guarantee businesses for individuals at the Existing Locations. In addition, Mr. Xie has undertaken to the other parties to the Subscription Agreement to cease the operation of loan guarantee businesses for individuals in the PRC in which he has any material interest, direct or indirect, within 90 days from the date of obtaining of relevant business licenses in the PRC in relation to foreign investments by the Management Company, or such later time as the Rongzhong Board may decide.

In addition, pursuant to the Subscription Agreement and save and except for the abovementioned business operations by Mr. Xie at the Existing Locations, each of the parties to the Subscription Agreement has undertaken to each other that it will not conduct any business that may directly or indirectly compete with the business of the Rongzhong Group for (i) five years subsequent to the date of signing of the Subscription Agreement or (ii) 12 months subsequent to such party ceases to be a shareholder of any member of the Rongzhong Group, whichever is later. For the avoidance of doubt, Mr. Xie will only be bound by this undertaking upon transfer of the business operations at the Existing Locations to the Rongzhong Group.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in property investment and other investments in Hong Kong and the PRC. As set out in the annual report of the Company for the year ended 31 March 2004, with the gradual increasing consuming power in Hong Kong and the PRC, the Board considers that it would now be the opportune time for the Group to seek business diversification.

Under the general practice in relation to the engagement in loan guarantee businesses in the PRC, foreign investors are not allowed to act as the sole owner of loan guarantee businesses in the PRC. Nanfang Poly is principally engaged in the development of real estate projects, constructions, trading, investments, internet technology and production and sales of pharmaceuticals and has extensive business network in the PRC. Coupled with Mr. Xie’s and his management team’s experience in the loan guarantee businesses for individuals in the PRC, the Directors believe that the Subscription would assist the Group in seeking business diversification in a positive manner.

The Directors consider that the entering into of the Subscription Agreement is a strategic move for the Group to venture into loan guarantee businesses for individuals in the PRC which the Directors believe has optimistic and growth prospect. Having taken into account of, among others, Mr. Xie’s and his management team’s experience and expertise in the loan guarantee businesses for individuals in the PRC and Nanfang Poly’s provision of collaterals and/or guarantees to the Bank Facility, the Directors consider that the terms of the Subscription Agreement, including the subscription of new shares in Rongzhong BVI and the provision of the Shareholder’s Loan, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE SUBSCRIPTION

Pursuant to the Subscription, the Company will provide the Shareholder's Loan to the Rongzhong Group, which will be financed by the proceeds from the CN Subscription Agreement (as defined in the circular of the Company dated 14 May 2004). As a result, the provision of the Shareholder's Loan will not have any immediate effect to the net asset value of the Company as the decrease in cash will be offset by an increase in investment and loan receivable.

INFORMATION ON RONGZHONG BVI AND THE MANAGEMENT COMPANY

Rongzhong BVI is an investment holding company incorporated in the British Virgin Islands with limited liability on 3 March 2004. Rongzhong BVI did not hold any assets nor have any business activity since its incorporation, therefore its net asset value and profit and loss accounts were not available as at the Latest Practicable Date. As at the Latest Practicable Date, the total issued share capital of Rongzhong BVI was one share with par value at USD1 and was wholly owned by Mr. Xie.

Pursuant to the Subscription Agreement, Rongzhong BVI will establish a wholly foreign owned enterprise (i.e. the Management Company) upon completion of the Subscription.

The Management Company will be principally engaged in the provision of management services to loan guarantee companies in the PRC and other businesses as may be approved by the Rongzhong Board. Upon completion of the Subscription, Perfect Honour may consider to propose to the Rongzhong Board to manage the loan guarantee businesses/companies in the PRC, including but not limited to the business operations currently being carried out by Mr. Xie at the Existing Locations.

GENERAL

The subscription of new shares in Rongzhong BVI, the provision of the Shareholder's Loan by Perfect Honour to Rongzhong BVI and the provision of back-to-back guarantee by Perfect Honour to Nangfang Poly constitute connected transactions, for the Company under the Listing Rules. In addition, as the relevant figures for the Subscription (which comprises the consideration for the subscription of new shares in Rongzhong BVI and the Shareholder's Loan) under the Percentage Ratios exceed 5%, the entering into of the Subscription Agreement constitutes a discloseable transaction for the Company under the Listing Rules. As a result, the Subscription will constitute a discloseable and connected transaction for the Company and is subject to disclosure and independent shareholders' approval requirements under the Listing Rules.

The Previous Subscription Agreement shall cease to be in effect upon completion of the subscription of new shares in Rongzhong BVI and provision of the two shareholders' loans by Perfect Honour and Mr. Xie to Rongzhong BVI and the proceeds from the CN Subscription Agreement (as defined in the circular of the Company dated 14 May 2004) will be applied for the Subscription.

LETTER FROM THE BOARD

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising the independent non-executive Directors, has been formed to advise the Independent Shareholders on the terms of the Subscription.

Crosby has been appointed as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Subscription. The letter from Crosby is set out in the section headed “Letter from Crosby” in this circular.

THE EGM

The Company will seek approval from the Independent Shareholders in relation to the Subscription at the EGM by way of poll.

Mr. Wong has represented to the Board that he and his associates shall abstain from voting at the EGM.

A notice convening the EGM to be held at Taishan Room, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong at 10:20 a.m. on 16 December 2004 is set out on pages 33 to 34 to this circular. A form of proxy for use at the EGM is also enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time appointed for holding of the meeting or any adjourned thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

POLL PROCEDURE

As the Subscription constitutes a connected transaction for the Company, it is required to be approved by the Independent Shareholders by way of poll under the provisions of the Listing Rules.

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

- (a) the Chairman (being a person entitled to vote);
- (b) at least three members present in person or by proxy entitled to vote; or
- (c) one member or two members so present and entitled to vote, if that member or those two members together hold not less than 15% of the paid-up share capital of the Company.

The Chairman will demand a poll at the EGM. The poll procedure will be scrutineered by Computershare Hong Kong Investor Services Limited, the Hong Kong share registrar of the Company. The poll result will be published by way of announcement.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 13 which contains its recommendation to the Independent Shareholders on the terms of the Subscription, and the letter from Crosby, the text of which is set out on pages 14 to 23 of this circular, containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Subscription. The Independent Shareholders are advised to read the aforesaid letters before deciding as to how to vote at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendix to this circular.

By Order of the Board
Goldbond Group Holdings Limited
Lin Fung Yi
Company Secretary



GOLDBOND GROUP HOLDINGS LIMITED

金榜集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 172)

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

25 November 2004

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in relation to the terms of the Subscription, details of which are set out in the letter from the Board in the circular dated 25 November 2004 (the “Circular”) to the Shareholders, of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and the letter from Crosby set out on pages 4 to 12 and pages 14 to 23 of the Circular respectively. We have considered and discussed with Crosby regarding its letter and the principal factors and reasons considered by it as well as its recommendation in relation to the Subscription. We concur with Crosby’s advice and recommend the Independent Shareholders to vote in favour of the proposed resolution at the EGM to consider and, if thought fit, approve the Subscription.

Yours faithfully,

Ip Yin Wah Ma Ho Fai Shiraki Melvin Jitsumi Zhang Xiao Shu
Independent Board Committee

LETTER FROM CROSBY

The following is the text of a letter from Crosby in connection with the Subscription, which has been prepared for the purpose of inclusion in this circular:

CROSBY

CAPITAL PARTNERS

Crosby Capital Partners (Hong Kong) Limited

2701 Citibank Tower
3 Garden Road
Central
Hong Kong

25 November 2004

*To the Independent Board Committee
and the Independent Shareholders of
Goldbond Group Holdings Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to our engagement pursuant to which Crosby Capital Partners (Hong Kong) Limited (“Crosby”) has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether or not the terms and conditions of the Subscription Agreement are fair and reasonable in so far as the Independent Shareholders are concerned. Pursuant to the Listing Rules, the Subscription constitutes a discloseable and connected transaction for the Company and is subject to the approval of the Independent Shareholders at the EGM. Details of the Subscription are contained in the Letter from the Board of the circular (the “Circular”) dated 25 November 2004 to the Shareholders, of which this letter forms part. This letter has been prepared for inclusion in the circular and terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

In our capacity as independent financial adviser to the Independent Board Committee, our role is to give an independent opinion as to whether the terms of the Subscription are fair and reasonable insofar as the Independent Shareholders are concerned. Our opinion letter to the Independent Board Committee has been prepared and delivered in accordance with the requirements of the Listing Rules for the purposes of assisting the Independent Board Committee in its duties to evaluate the terms of the Subscription.

In formulating our opinion with regard to the Subscription, we have relied on the information, opinions and facts supplied, and representations made, to us by the Directors and representatives of the Company (including those contained or referred to in the Circular) and have assumed that all such information, opinions, facts and representations, which have been

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provided by the Directors and such representatives, and for which they are wholly responsible, are true and accurate in all respects. We have also relied on the representations of the Directors that they have made all reasonable inquiries, and to the best of their knowledge and belief, that there are no other facts, the omission of which would make any statement contained in the Circular untrue or misleading. We have also relied on certain information available to the public and we have assumed such information to be accurate and reliable, and we have not independently verified the accuracy of such information. We have also assumed that statements and representations made or referred to in the Circular were accurate at the time they were made and continue to be accurate at the date of dispatch of the Circular.

We consider that we have reviewed sufficient information to enable us to reach an informed view regarding the Subscription and to justify relying on the accuracy of the information provided in the Circular as well as to provide a reasonable basis for our advice. We have not, however, made any independent evaluation or appraisal of, nor have we conducted any form of independent investigation into, the business affairs or assets and liabilities of Rongzhong BVI. It is not within our terms of engagement to comment on the commercial feasibility of the Subscription, which remains the responsibility of the Directors. As the independent financial adviser to the Independent Board Committee, we have not been involved in the negotiations in respect of the terms of the Subscription.

Our opinion with regard to the terms thereof has been made on the assumption that all obligations to be performed by each of the parties to the Subscription Agreement will be fully performed in accordance with the terms thereof. Further, we have no reason to suspect that any material facts or information have been omitted or withheld from the information supplied or opinions expressed to us nor to doubt the truth, accuracy and completeness of the information, facts and representations provided, or the reasonableness of the opinions expressed, to us by the Company, its Directors, representatives or legal advisers. We have not, however, made any independent verification of the information and facts provided, representations made or opinions expressed by the Company, its Directors, representatives or legal advisers, nor have we conducted any form of independent investigation into the business affairs or assets and liabilities of the Group. Accordingly, we do not warrant the accuracy or completeness of any such information.

Our opinion is necessarily based upon market, economic and other conditions as they existed and could be evaluated on, and on the information publicly available to us as of the date of the opinion. We have no obligation to update this opinion to take into account events occurring after the date that this opinion is delivered to the Independent Board Committee. As a result, circumstances could develop prior to completion of the Subscription that, if known at the time we rendered our opinion, would have altered our opinion.

This letter is for the information of the Independent Board Committee solely in connection with their consideration of the Subscription and, except for its inclusion in the Circular and for references thereto in the letter from the Independent Board Committee set out in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

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Crosby is a licensed corporation registered under the SFO to carry out Types 1, 4, 6 and 9 regulated activities under the SFO and, together with its affiliates, provides a full range of investment banking and broking services, which, in the course of normal trading activities, may from time to time effect transactions and hold securities, including derivative securities, of the Company for our own account and the accounts of customers. Apart from the normal professional fees in respect of our engagement as independent financial adviser, no arrangement exists whereby Crosby will receive any other fees or benefits from the Company or its associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion with regard to the terms of the Subscription, we have considered the principal factors and reasons set out below. None of these factors or reasons considered by us was assigned a greater significance than any other. We did not form a conclusion as to whether any individual factor or reason, considered in isolation, supported or failed to support our opinion, although we are not aware of any matter which would have rendered our opinion differently by the results of our analyses of any such individual factors or reasons. Rather, in reaching our conclusion, we have considered the results of the analyses in light of each other and ultimately reached our opinion based on the results of all analyses taken as a whole.

I. BACKGROUND

1. The Subscription Agreement

On 1 November 2004, Perfect Honour, a wholly owned subsidiary of the Company, has agreed to subscribe for 40 new shares of Rongzhong BVI, representing 40% of the enlarged share capital of Rongzhong BVI at a cash consideration of USD40 (equivalent to approximately HK\$312), which will be paid by Perfect Honour within 14 days after the Fulfilment Date, or on such other date as may be agreed by parties (other than Rongzhong BVI) to the Subscription Agreement in writing.

The parties to the Subscription Agreement are Perfect Honour, a wholly owned subsidiary of the Company, Mr. Xie, Nanfang Poly, Legend Crown and Rongzhong BVI. Mr. Xie, Legend Crown and Rongzhong BVI and their respective ultimate beneficial owners are independent third parties not connected with the directors, chief executive, substantial shareholders of the Company or any of its subsidiaries and/or their respective associates. Nanfang Poly is the holding company of 廣州保利投資有限公司 (for identification purpose, in English, Guangzhou Poly Investment Limited), which is interested in 10% of the issued share capital of Goldbond Poly Investment Holdings Limited, a 90% owned subsidiary of the Company.

Mr. Xie, Nanfang Poly's Nominee and Legend Crown will subscribe for 34, 20 and 5 new shares of Rongzhong BVI at a total cash consideration of USD34, USD20, and USD5 (equivalent to approximately HK\$265, HK\$156, and HK\$39) respectively.

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As at the date of this letter, the total share capital of Rongzhong BVI is one share with par value of USD1 and is wholly owned by Mr. Xie. Upon completion of the Subscription Agreement, Rongzhong BVI will be owned as to 40%, 35%, 20% and 5% by Perfect Honour, Mr. Xie, Nanfang Poly's Nominee and Legend Crown respectively.

As advised by the Directors, the Previous Subscription Agreement (as defined in the section headed "Letter from the Board" in the Circular) will be terminated upon completion of the subscription of the new shares in Rongzhong BVI and the provision of shareholder's loans by Perfect Honour and Mr. Xie contemplated under the Subscription Agreement.

2. Reasons for and benefits of the Subscription

The Group is principally engaged in property investment and other investments in Hong Kong and the PRC. As set out in the annual report of the Company for the year ended 31 March 2004, with the gradual increasing consuming power in Hong Kong and the PRC, the Board considered that it would now be the opportune time for the Group to seek business diversification.

Nanfang Poly is principally engaged in the development of real estate projects, constructions, trading, investments, internet technology and production and sales of pharmaceuticals and has extensive business network in the PRC. Mr. Xie and his management team have substantial experience in the loan guarantee businesses for individuals in the PRC. In view of the above, the Directors consider that the entering into of the Subscription Agreement is a strategic move for the Group to venture into loan guarantee businesses for individuals in the PRC, which the Directors believe has optimistic and growth prospect, and would assist the Group in seeking business diversification in a positive manner.

3. Contribution of each of the Shareholders of Rongzhong BVI

Pursuant to the Subscription Agreement, each of Perfect Honour, Mr. Xie, Nanfang Poly's Nominee and Legend Crown will own as to 40%, 35%, 20% and 5% in Rongzhong BVI immediately after the Fulfillment Date. Except for the nominal amount of capital contributed to Rongzhong BVI, Perfect Honour has undertaken to the other parties to the Subscription Agreement to advance to Rongzhong BVI the Shareholder's Loan of RMB42,000,000 (equivalent to approximately HK\$39,623,000), or its equivalent in Hong Kong dollar at an annual interest rate equivalent to the Prime Rate. The Shareholder's Loan will be financed by part of the proceeds from the CN Subscription Agreement (as defined in the circular of the Company dated 14 May 2004). In addition, Mr. Xie has undertaken to the other parties to the Subscription Agreement to advance to Rongzhong BVI a shareholder's loan of RMB20,000,000 (equivalent to approximately HK\$18,868,000), or its equivalent in Hong Kong dollar at an annual interest rate equivalent to the Prime Rate.

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The two shareholders' loans to Rongzhong BVI to be advanced by Perfect Honour and Mr. Xie in the amounts of RMB42,000,000 and RMB20,000,000 (equivalent to approximately HK\$39,623,000 and HK\$18,868,000) (collectively the "Registered Monies") respectively, or their respective equivalent in Hong Kong dollar will be unsecured and repayable in two years, or such later date as may be agreed by Perfect Honour, Mr Xie and Rongzhong BVI in writing. Considering the relatively small shareholding held by Legend Crown, the parties (other than Rongzhong BVI) to the Subscription Agreement consider it to be reasonable not to require Legend Crown to provide any initial shareholder's loan to Rongzhong BVI. The Registered Monies will be applied as Rongzhong BVI's registered capital contribution in the Management Company. At present, it is intended that the registered capital of the Management Company will be RMB62,000,000, or its equivalent in Hong Kong dollar (or such amount as agreed by parties (other than Rongzhong BVI) to the Subscription Agreement).

In addition, Nanfang Poly has undertaken to arrange banking facilities in the amount of RMB40,000,000 (equivalent to approximately HK\$37,736,000) for the Management Company and/or such entities as arranged by the Management Company for the operation of the Rongzhong Group's business (the "Bank Facility") within 90 days from the date on which the Registered Monies have been applied as registered capital contribution of Rongzhong BVI to the Management Company, or on such other date as may be agreed by parties (other than Rongzhong BVI) to the Subscription Agreement in writing, Nanfang Poly has also undertaken to provide all collateral and/or guarantees which the financiers may require for provision of the Bank Facility while Perfect Honour, Mr. Xie and Mr. Wong agreed to provide back-to-back guarantees, which is determined on arm's length basis between the parties to the Subscription Agreement, to Nanfang Poly in the following manner:

- (a) as to RMB17,500,000 by Perfect Honour and Mr. Xie on a several and 50 : 50 basis; and
- (b) as to RMB10,000,000 by Mr. Wong.

Nanfang Poly shall receive a fee equivalent to 3% per annum of the average daily outstanding amount of the Bank Facility during the financial year for its provision of guarantee services for the Bank Facility and which is payable annually within 60 days after each financial year end.

According to the Digital Fortune Magazine (September 2004), a financial magazine in the PRC, the average charge for loan guarantee services in the PRC ranges from 0.5% to 5% of the loan facility available. In view of the above, we consider that the annual fee of 3% per annum of the average daily outstanding amount of the Bank Facilities charged by Nanfang Poly for its provision of loan guarantee is comparable to the market rate and is therefore fair and reasonable in so far as the Independent Shareholders are concerned.

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4. Rights of each of the Shareholders of Rongzhong BVI

Pursuant to the Subscription Agreement, Perfect Honour shall have the right to nominate at least three representatives to the Rongzhong Board and each of Mr. Xie, Nanfang Poly and Legend Crown shall have the right to nominate one representative to the Rongzhong Board. One of the three representatives nominated by Perfect Honour to the Rongzhong Board shall act as the chairman of such board and he/she shall be entitled to a casting vote.

II. POTENTIAL BENEFITS OF THE SUBSCRIPTION

In aggregate terms, Perfect Honour will provide Rongzhong BVI a total of RMB42,000,000 in the form of the Shareholder's Loan and a back-to-back guarantee to Nanfang Poly of RMB8,750,000 for the Bank Facility arrangement. According to the Directors, the Company has taken into account the following when considering the above funding arrangement:

1. Potential of the Loan Guarantee Business in the PRC

The Directors consider that the favourable PRC economic conditions characterised by increasing consumer confidence and real growth in consumption expenditure have resulted in the loan guarantee business becoming increasingly attractive and provided a market of tremendous potential. According to the Small and Medium-sized Enterprises (SME) Department of the State Development and Reform Committee of the PRC, the market for credit guarantee business in the PRC has grown rapidly since 1998. As at June 2003, the volume of loans in the PRC granted with guarantees provided by guarantee companies reached RMB117.9 billion (equivalent to approximately HK\$111.2 billion) for close to 50,000 companies with a total of about 100,000 transactions.

According to the legal advisers to the Company as to PRC laws, the setting up of the Management Company as a domestic channel to provide capital and risk management expertise services to loan guarantee companies in the PRC in return for a service fee is in compliance with the relevant PRC laws and regulations. The Directors considered that such arrangement would allow the Group to capture the growth of the loan guarantee business in the PRC without being directly engaged in the loan guarantee business and to avoid exposure to the related credit risk.

Generally, the guarantee business can be categorised into (i) financing guarantees; (ii) contract guarantees; (iii) financial derivative products guarantees; and (iv) non-contract guarantees. Currently, the PRC guarantee market is mainly characterised by financing guarantees, such as credit and loan guarantees.

Since demand for loan guarantees for individuals in the PRC is closely correlated with the levels of disposable income and the amount of personal consumption in consumables, such as cars and property, therefore, the continuing growth of retail sales

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in the PRC, the growth in gross domestic products (“GDP”) and increasing disposable income of the urban population can be considered as indicators of the potential of the loan guarantee business in the PRC.

According to the National Bureau of Statistics of the PRC, gross domestic product in the first three quarters of 2004 reached RMB9,314 billion, up 9.5% over the same period last year. Total retail sales of consumer goods in October 2004 reached RMB420 billion, an increase of 10.2% over the same month of the previous year, while urban total retail sales of consumer goods was RMB274 billion, rising by 11.6% over the same month of the previous year.

Furthermore, according to the Tenth Five-year plan for the national economy and social development would cover a period from 2001 to 2005, the PRC government expects the GDP of the PRC to grow at an average annual rate of 7%. This GDP growth may translate into larger private consumption expenditure by the PRC’s consumers, thereby having a potentially positive impact on demand for loan guarantee services.

Increase in the urban population, and in the disposable income of urban people, is also generally believed to be one of the major growth factors of city consumables, such as educational expenses, cars and housing. According to the National Bureau of Statistics of the PRC, the urban population of the PRC has been growing at a much faster rate than the corresponding growth rate of the overall population. The following table summarises the growth rate of the urban population and the disposable income of urban people in the PRC between 2000 and 2003:

	2000	Growth	2001	Growth	2002	Growth	2003
	<i>(million)</i>	<i>(%)</i>	<i>(million)</i>	<i>(%)</i>	<i>(million)</i>	<i>(%)</i>	<i>(million)</i>
National population	1,267.4	0.7%	1,276.3	0.6%	1,284.5	0.6%	1,292.3
Urban population	459.1	4.7%	480.6	4.5%	502.1	4.3%	523.8
Percentage to total population	36%		38%		39%		41%
Disposable income of urban people (RMB)	6,280	9.2%	6,860	12.3%	7,703	10.0%	8,472

Source: National Bureau of Statistics of China

Given the aforementioned trends, we consider the outlook for the loan guarantee business in the PRC to be positive.

2. Potential benefit that other parties to the Subscription Agreement may bring to Rongzhong Group and the Company

According to the Directors, Mr. Xie has commenced the loan guarantee business in the PRC since 2001 and has established an extensive operation network in the loan

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guarantee business in the PRC. At present, Mr. Xie operates five loan guarantee companies in five major cities in the PRC, namely Guangzhou, Wuhan, Chongqing, Changsha and Chengdu (the “Existing Locations”) in cooperation with national and regional banks. As advised by the Directors, Mr. Xie currently provides loan guarantee services for individuals in the PRC mainly in relation to six types of products: (1) consumables; (2) educational expenses; (3) residential property renovation; (4) travel and wedding functions; (5) new and second-hand cars; and (6) new and second-hand properties. In view of the above, the Directors believe that the Rongzhong Group may be able to capitalise on Mr. Xie’s extensive loan guarantee business network in the PRC and, pursuant to the Subscription Agreement, Mr. Xie has undertaken to offer the Rongzhong Group or any other company(ies) as designated by the Rongzhong Board the first right of refusal to manage loan guarantee business for individuals in the Existing Locations which would benefit both the Group and Mr. Xie.

According to the Directors, Nanfang Poly, is principally engaged in a wide range of business activities in the PRC, namely, the development of real estate projects, construction, trading, investments, internet technology and production and sales of pharmaceuticals and has an extensive business network in the PRC. Nanfang Poly is one of the major subsidiaries of the 中國保利集團公司 (for identification purpose, in English, China Poly Group Corporation) (“China Poly”) in the PRC. China Poly is a well-known conglomerate in the PRC with operations in more than 10 major provinces in the PRC and is engaged in a wide range of businesses including trading, property development, travel, property services and technology. As advised by the Directors, Nanfang Poly has established a solid relationship and credibility with many of the domestic banks and financial institutions in the PRC. The Directors believe that, given the above and the renowned brand of China Poly and Nanfang Poly in the PRC, Nanfang Poly would help to enhance the Rongzhong Group’s market reputation and credibility, which the Directors believe is important to the loan guarantee business, and to bring about potential business opportunities to the Rongzhong Group. In view of the above, the Directors and the other parties to the Subscription Agreement agreed to the current structure of the Subscription to facilitate the formation of cooperation relationship with Nanfang Poly.

Furthermore, as confirmed by the Directors, having considered the relatively small shareholding held by Legend Crown, the other parties to the Subscription Agreement consider it to be reasonable not to require Legend Crown to provide any initial shareholder’s loan to Rongzhong BVI.

The Directors consider that the loan guarantee business for individuals in the PRC has growth potential and that the Subscription would allow the Management Company to capitalise on the management and industry expertise of Mr. Xie in the loan guarantee business in the PRC and on Nanfang Poly’s extensive experience and business network in the PRC to manage such business (including the business operation at the Existing Locations), which would be beneficial to the Group. The Directors also advised that upon the setting up of the Management Company, the Management Company, where necessary, will employ competent staff to carry out its business in the PRC.

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III. CONTROL OVER PROPER USE OF FUNDS

According to the Subscription Agreement, Perfect Honour is entitled to nominate at least three directors to the Rongzhong Board, which will comprise a total of six directors. In addition, Perfect Honour has the right to appoint the chairman of the Rongzhong Board who will have a casting vote. This arrangement will give Perfect Honour the control over Rongzhong Group's operations, thereby providing a mechanism to ensure proper supervision over the application of the Shareholder's Loan.

IV. FUNDING OF THE SUBSCRIPTION

As stated in the letter from the Board in the Circular and as confirmed by the Directors, provision of the Shareholder's Loan will be financed by part of the proceeds from the CN Subscription Agreement (as defined in the circular of the Company dated 14 May 2004). According to the annual report of the Company for the financial year ended 31 March 2004 and adjusted for the issue of the convertible note pursuant to the CN Subscription Agreement, the profit attributable to the shareholders and the adjusted consolidated total assets of the Group as at 31 March 2004 would amount to approximately HK\$32,501,000 and HK\$589,559,000 respectively. The Directors have further confirmed that the Company has sufficient internal resources to fund the Subscription without the need for additional external financing.

V. EFFECTS ON THE FINANCIAL POSITION OF THE COMPANY

As confirmed by the Directors, the shareholder's loan to be advanced by Perfect Honour in the amount of RMB42,000,000 (equivalent to approximately HK\$39,623,000) will be financed by part of the proceeds from the CN Subscription Agreement, which was intended to use for the Previous Subscription Agreement which was agreed to be terminated upon completion of the Subscription and the Company currently has sufficient working capital for its existing business operations without the need for additional external financing. The Directors further confirmed that they do not expect any adverse impact on the Company's financial position as a result of the granting of the Shareholder's Loan. The Subscription also has no impact on the Group's total asset value and profit level except for the decrease in cash level by approximately HK\$39,623,000 correspond with an increase in investment and loan receivable.

The Directors consider that providing a loan guarantee in relation to the banking facilities to Rongzhong BVI will increase the contingent liabilities of the Group and therefore consider that arranging the Shareholder's Loan is more appropriate. Given the above, we consider that the provision of the Shareholder's Loan rather than offering a loan guarantee in relation to the aforementioned banking facilities is beneficial to the Company.

Furthermore, pursuant to the Subscription Agreement, the Shareholder's Loan is repayable in two years and will charge Rongzhong BVI an interest rate equivalent to the prevailing Prime Rate in Hong Kong, which is presently 5%. As the Prime Rate, by definition, is the generally accepted best lending rate, we consider the interest rate of the Shareholder's Loan, being the Prime Rate, to be fair and reasonable and in the interests of the Company.

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CONCLUSION AND RECOMMENDATION

In summary, we, in reaching our opinion (on the basis set out at the beginning of this letter) have considered the following principal factors and reasons:

- (1) the setting up of the Management Company as a domestic channel to provide capital and risk management expertise services to loan guarantee companies in the PRC in return for a service fee being in compliance with the relevant PRC laws and regulations;
- (2) the growth prospects for the business of loan guarantees for individuals in the PRC and the opportunity for the Company to expand into such business in the PRC in a positive manner;
- (3) the expertise and business opportunities that may be brought to the Management Company by Mr. Xie;
- (4) the value to be brought to the Management Company by Nanfang Poly in terms of business generation, credibility and brand and network building in the PRC; and
- (5) the control over the application of the Shareholder's Loan by the Group in Rongzhong BVI.

Based on the above, we are of the view that the terms and conditions of the Subscription Agreement are fair and reasonable in so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement.

Yours faithfully,
For and on behalf of
Crosby Capital Partners (Hong Kong) Limited
Deng-Charng Lee
Managing Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and that there are no other facts the omission of which would make any statement contained herein misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>25,000,000,000</u>	Shares of HK\$0.10 each	<u>2,500,000,000</u>
<i>Issued and fully paid:</i>		
<u>1,662,440,000</u>	Shares of HK\$0.10 each	<u>166,244,000</u>
<i>Authorised, issued and fully paid:</i>		<i>HK\$</i>
<u>40,000,000</u>	'A' Preference Shares of HK\$0.10 each	<u>4,000,000</u>
<u>28,400,000</u>	'B' Preference Shares of HK\$0.10 each	<u>2,840,000</u>

The Shares in issue are listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchanges.

3. DISCLOSURE OF INTERESTS

A. Directors' interests in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

(i) *Long positions in Shares*

Name of Director	Nature of interest	Number of Shares	Approximate shareholding percentage
Mr. Wong	Corporate	497,232,000 (Note 1)	29.91%
Mr. Ko Po Ming	Corporate	65,881,800 (Note 2)	3.96%
Ms. Loh Jiah Yee, Katherine	Corporate	404,770,143 (Note 3)	24.35%
Mr. Kee Wah Sze	Corporate	405,889,643 (Note 4)	24.42%
Mr. Shiraki Melvin Jitsumi	Personal	2,100,000	0.13%

Notes:

- These Shares are held as to 497,232,000 Shares by Allied Luck Trading Limited (which is owned as to 50% by Mr. Wong and 50% by Mrs. Wong Fang Pik Chun, the spouse of Mr. Wong), in which Mr. Wong is deemed to be interested by virtue of his shareholding interests in Allied Luck Trading Limited.
- These Shares are held by Sparkle Power Technology Limited (which is owned as to 50% by Ms. Loh Jiah Yee, Katherine and 50% by Mr. Ko Po Ming, both being Directors), in which Mr. Ko Po Ming is deemed to be interested by virtue of his shareholding interests in Sparkle Power Technology Limited.
- These Shares are held as to 65,881,800 Shares by Sparkle Power Technology Limited and 338,888,343 Shares by Ace Solomon Investments Limited (which is owned as to 11% by Mr. Wong, 46% by Mr. Kee Wah Sze and 43% by Ms. Loh Jiah Yee, Katherine, all being Directors), in which Ms. Loh Jiah Yee, Katherine is deemed to be interested by virtue of her shareholding interests in Sparkle Power Technology Limited and Ace Solomon Investments Limited respectively.

4. These Shares are held as to 67,001,300 Shares by Canasia Profits Corporation (which is wholly owned by Mr. Kee Wah Sze) and 338,888,343 Shares by Ace Solomon Investments Limited, in which Mr. Kee Wah Sze is deemed to be interested by virtue of his shareholding interests in Canasia Profits Corporation and Ace Solomon Investments Limited respectively.

(ii) *Interests in underlying Shares pursuant to convertible notes*

Name of Director	Long position/ short position	Nature of interest	Company/ associated corporation	Underlying Shares pursuant to convertible notes issued/ to be issued	Date of issue of convertible note	Exercise price	Exercise period	Approximate % of enlarged (upon issue of Shares under convertible notes) issued share capital of the Company (Note 3)
Mr. Wong	Long position	Corporate	Company	411,764,705 Shares (Note 1)	5 August 2004	HK\$0.170 per Share (subject to adjustment)	5 August 2004-3 August 2007	17.85%
Mr. Kee Wah Sze	Long position	Corporate	Company	232,558,140 Shares (Note 2)	Completion Date (Note 4)	HK\$0.129 per Share (subject to adjustment)	Completion Date-3 August 2007 (Note 4)	10.08%

Notes:

- The convertible note is held by Wah Link Investments Limited, a company owned as to 99.9996% by Golden Cloud Holdings Group Ltd and 0.0004% by Gold Choice Management Ltd. Golden Cloud Holdings Group Ltd and Gold Choice Management Ltd are directly owned as to 51% by Mr. Wong Yu Hung, Davy, a family member of Mr. Wong and 49% by Mrs. Wong Fang Pik Chun, the spouse of Mr. Wong. Mr. Wong is taken to have an interest in the underlying Shares under the SFO.
- The convertible note will be issued to Goldbond Capital Investment Holdings Limited, a company wholly owned by Legend (Asia Pacific) Investment Limited, which in turn, owned as to 90% by Grace Honour Ltd (wholly owned by Mr. Kee Wah Sze) and 10% by Central Executive Ltd (wholly owned by Mr. Wong), on Completion Date (Note 4). Mr. Kee Wah Sze is taken to have an interest in the underlying Shares under the SFO.
- Assuming the aforesaid convertible notes but no other option or convertible notes (if any) are being fully exercised.
- The completion date of acquisition of 20% issued capital of Goldbond Capital Holdings Limited.

(iii) *Interests in underlying Shares pursuant to share options*

Name of Director	Nature of interest	Company/ associated corporation	Underlying Shares pursuant to share options are exercisable	Date of grant of options	Exercise price	Exercise period
Mr. Wong	Personal	Company	16,000,000 Shares	8 November 2004	HK\$0.148	1 January 2007 to 7 November 2014
Mr. Ko Po Ming	Personal	Company	16,000,000 Shares	8 November 2004	HK\$0.148	1 January 2007 to 7 November 2014
Ms. Loh Jiah Yee, Katherine	Personal	Company	16,000,000 Shares	8 November 2004	HK\$0.148	1 January 2007 to 7 November 2014
Mr. Kee Wah Sze	Personal	Company	16,000,000 Shares	8 November 2004	HK\$0.148	1 January 2007 to 7 November 2014
Mr. Lan Ning	Personal	Company	16,000,000 Shares	8 November 2004	HK\$0.148	1 January 2007 to 7 November 2014

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company were, or were taken or deemed to have any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

B. Persons who have interests or short positions in Shares and underlying Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following parties other than a Director or chief executive of the Company, had, or were deemed or taken to have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

(i) *Long positions in Shares*

Name	Nature of interest	Number of Shares	Approximate shareholding percentage
Allied Luck Trading Limited (<i>Note 1</i>)	Corporate	497,232,000	29.91%
Ace Solomon Investments Limited (<i>Note 2</i>)	Corporate	338,888,343	20.39%
Mrs. Wong Fang Pik Chun	Corporate	497,232,000 (<i>Note 3</i>)	29.91%

Notes:

- Allied Luck Trading Limited is owned as to 50% by Mr. Wong and 50% by Mrs. Wong Fang Pik Chun, the spouse of Mr. Wong.
- Ace Solomon Investments Limited is owned as to 11% by Mr. Wong, 46% by Mr. Kee Wah Sze and 43% by Ms. Loh Jiah Yee, Katherine, all being Directors.
- Mrs. Wong Fang Pik Chun is deemed to be interested in such Shares by virtue of her and her spouse's shareholding interests in Allied Luck Trading Limited.

(ii) Interests in underlying Shares pursuant to convertible notes

Name	Long position/ short position	Nature of interest	Company/ associated corporation	Underlying shares pursuant to convertible notes issued/ to be issued	Date of issue of convertible note	Exercise price	Exercise period	Approximate % of enlarged (upon issue of shares under convertible notes) issued share capital of the Company (Note 3)
Wah Link Investments Limited (Note 1)	Long position	Corporate	Company	411,764,705 Shares	5 August 2004	HK\$0.170 per Share (subject to adjustment)	5 August 2004- 3 August 2007	17.85%
Golden Cloud Holdings Group Ltd	Long position	Corporate	Company	411,764,705 Shares (Note 1)	5 August 2004	HK\$0.170 per Share (subject to adjustment)	5 August 2004- 3 August 2007	17.85%
Mrs. Wong Fang Pik Chun	Long position	Corporate	Company	411,764,705 Shares (Note 1)	5 August 2004	HK\$0.170 per Share (subject to adjustment)	5 August 2004- 3 August 2007	17.85%
Mr. Wong Yu Hung, Davy	Long position	Corporate	Company	411,764,705 Shares (Note 1)	5 August 2004	HK\$0.170 per Share (subject to adjustment)	5 August 2004- 3 August 2007	17.85%
Goldbond Capital Investment Holdings Limited (Note 2)	Long position	Corporate	Company	232,558,140 Shares (Note 2)	Completion Date (Note 4)	HK\$0.129 per Share (subject to adjustment)	Completion Date-3 August 2007 (Note 4)	10.08%
Legend (Asia Pacific) Investment Limited	Long position	Corporate	Company	232,558,140 Shares (Note 2)	Completion Date (Note 4)	HK\$0.129 per Share (subject to adjustment)	Completion Date-3 August 2007 (Note 4)	10.08%
Grace Honour Ltd	Long position	Corporate	Company	232,558,140 Shares (Note 2)	Completion Date (Note 4)	HK\$0.129 per Share (subject to adjustment)	Completion Date-3 August 2007 (Note 4)	10.08%

Notes:

1. The convertible note is held by Wah Link Investments Limited, a company owned as to 99.9996% by Golden Cloud Holdings Group Ltd and 0.0004% by Gold Choice Management Ltd. Golden Cloud Holdings Group Ltd and Gold Choice Management Ltd are directly owned as to 51% by Mr. Wong Yu Hung, Davy, a family member of Mr. Wong and 49% by Mrs. Wong Fang Pik Chun, the spouse of Mr. Wong. Mrs. Wong Fang Pik Chun and Mr. Wong Yu Hung, Davy are respectively taken to have an interest in the underlying Shares under the SFO.
2. The convertible note will be issued to Goldbond Capital Investment Holdings Limited, a company wholly owned by Legend (Asia Pacific) Investment Limited, which in turn, owned as to 90% by Grace Honour Ltd (wholly owned by Mr. Kee Wah Sze) and 10% by Central Executive Ltd (wholly owned by Mr. Wong), on Completion Date (Note 4). Mr. Kee Wah Sze is taken to have an interest in the underlying Shares under the SFO.
3. Assuming the aforesaid convertible notes but no other option or convertible notes (if any) are being fully exercised.
4. The completion date of acquisition of 20% issued capital of Goldbond Capital Holdings Limited.

(iii) Interests in underlying Shares pursuant to share options

Name	Nature of interest	Company/ associated company	Underlying Shares pursuant to share options are exercisable	Date of grant of options	Exercise price	Exercise period
Mrs. Wong Fang Pik Chun	Family (<i>Note 1</i>)	Company	16,000,000 Shares	8 November 2004	HK\$0.148	1 January 2007 to 7 November 2014

Note: The share options are held by Mr. Wong, the spouse of Mrs. Wong Fang Pik Chun and as such, she is deemed to be interested in the share options by virtue of the SFO.

(iv) Interests in members of the Group

Name of shareholder	Name of subsidiary	% of total issued shares/equity interest
廣州保利投資有限公司 (for identification purpose, in English, Guangzhou Poly Investment Limited) (<i>Note</i>)	Goldbond Poly Investment Holdings Limited	10%

Note: Nanfang Poly is the holding company of 廣州保利投資有限公司 (for identification purpose, in English, Guangzhou Poly Investment Limited).

Save as disclosed in this circular, as at the Latest Practicable Date, so far is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) has an interest or short position in the Shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

As at the Latest Practicable Date, save for the aforementioned, there were no outstanding securities, options or warrants which were convertible into new Shares.

The Company had, between 1 September 2003 and 23 June 2004, leased a property for use as its office. The Company has since moved to and, pursuant to a tenancy agreement dated 30 July 2004, leased its current registered office. All of the above properties are owned by a company that is beneficially owned by Mrs. Wong Fang Pik Chun, the spouse of Mr. Wong, and a close relative of Mr. Wong.

In August 2004, the Company had disposed of certain fixed assets (furniture, fixtures and leasehold improvement) to a company which is beneficially owned by Mr. Wong, Mr. Kee Wah Sze, Mr. Ko Po Ming and other independent third parties not connected with the directors, chief executive, substantial shareholders of the Company or any of its subsidiaries and/or their respective associates. The consideration of which amounted to approximately HK\$140,000.

In October 2004, the Company and a wholly owned subsidiary of the Company (the “Purchaser”) entered into an agreement with Goldbond Capital Investment Holdings Limited (the “Vendor”, a company which is beneficially owned by Mr. Wong and Mr. Kee Wah Sze) in which the Vendor agreed to sell and the Purchaser agreed to purchase the shares representing 20% of the issued share capital of Goldbond Capital Holdings Limited at a consideration of HK\$30,000,000. The consideration will be satisfied by the issue of the convertible note by the Company.

Save as disclosed above, none of the Directors has or has had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2004, being the date to which the latest published audited accounts of the Company were made up.

Save as disclosed above, as at the Latest Practicable Date, there was no contract or arrangement entered into by any member of the Group subsisting at the date thereof in which any Director was materially interested and which was significant in relation to the business of the Group.

4. COMPETING INTERESTS

None of the Directors or the chief executive of the Company and their respective associates had any interest in a business which competes or may compete with the business of the Group.

5. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2004, the date to which the latest published audited consolidated financial statements of the Company were made up.

6. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (other than contracts expiring or determinable by any member of the Group within one year without payment of compensation, other than statutory compensation).

7. LITIGATION

So far as the Directors are aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

8. EXPERT

- (a) The following are the qualification of the expert which has given its report, opinion or advice which are contained in this circular:

Name	Qualifications
Crosby Capital Partners (Hong Kong) Limited	a licensed corporation registered under the SFO to carry out Types 1, 4, 6 and 9 regulated activities under the SFO

- (b) As at the Latest Practicable Date, Crosby did not have any direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) Crosby has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.
- (d) Crosby does not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2004, the date to which the latest published audited financial statements of the Company were made up.
- (e) The letter and recommendation from Crosby is given as of the date of this circular for incorporation herein.

9. GENERAL

- (a) The qualified accountant and company secretary of the Company is Ms. Lin Fung Yi, an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (b) The Company's registered and principal office is at Unit 3901A, 39th Floor, Tower 1, Lippo Centre, 89 Queensway, Hong Kong.
- (c) The English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Iu, Lai & Li at 20th Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong during normal office hours on any weekday, except public holidays, from the date of this circular up to and including 16 December 2004;

- (a) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 13 of this circular;
- (b) the letter of advice from Crosby to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 14 to 23 of this circular;
- (c) the written consent referred to in the section headed “Expert” in paragraph 8 of this appendix; and
- (d) the Subscription Agreement.

NOTICE OF EGM



GOLDBOND GROUP HOLDINGS LIMITED

金榜集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 172)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of Goldbond Group Holdings Limited (the “**Company**”) will be held at Taishan Room, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong at 10:20 a.m. on 16 December 2004 for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution which will be proposed as Ordinary Resolution of the Company.

“THAT:

- (a) the terms of, and the transactions contemplated under, the agreement dated 1 November 2004 (the “**Agreement**”), copy of which has been produced and marked “**A**” for the purpose of identification by the Chairman of the meeting, entered into by a subsidiary of the Company known as Perfect Honour Limited (“**PHL**”) with Mr. Xie Xiao Qing, Legend Crown International Ltd., Nanfang Group Poly Limited (保利南方集團有限公司) (“**Nanfang Poly**”) and Rongzhong Group Limited (“**Rongzhong BVI**”), whereby PHL was agreed, amongst other things, to:–
- (i) subscribe for 40 shares at the par value of USD1.00 each;
- (ii) provide shareholder’s loan to Rongzhong BVI for the amount of RMB42,000,000 or its equivalent in other foreign currency; and
- (iii) provide back to back guarantee to Nanfang Poly for the amount of up to RMB8,750,000 in respect of banking facilities procured by Nanfang Poly in the People’s Republic of China for the benefit of Rongzhong BVI, its subsidiaries or such other entities as directed by the board of directors of Rongzhong BVI and secured by security and/or guarantee procured and/or provided by Nanfang Poly,

all upon the terms and conditions contained in the Agreement, be and are hereby approved and confirmed and the entering into of the Agreement by PHL be and is hereby confirmed, approved and ratified; and

NOTICE OF EGM

- (b) any director(s) of the Company be and is/are hereby authorised to enter into and sign such documents and/or take such other action as he/they in his/their sole and absolute discretion think(s) fit for the purpose of implementing the transactions described in the Agreement and/or such matters and/or actions and/or documents arising from and/or incidental to the Agreement), and if required, to affix the Common Seal of the Company on any and/or all of the aforesaid documents in accordance with the provisions of the Articles of Association of the Company.

By Order of the Board
Goldbond Group Holdings Limited
Lin Fung Yi
Company Secretary

Hong Kong, 25 November 2004

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

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the meeting is enclosed. Whether or not you intend to attend the meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon.
3. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the share registrar and transfer office of the Company at Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 24 hours before the time appointed for holding of the meeting or any adjournment thereof.
4. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any share of the Company, any one of such holders may vote at the meeting either personally or by proxy in respect of such share as if he was solely entitled thereto, but if more than one of such holders be present at the meeting personally or by proxy, then the one of such holders whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.