
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 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

**ACQUISITION OF 20% ISSUED SHARE CAPITAL IN
GOLDBOND CAPITAL HOLDINGS LIMITED**

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



SBI E2-Capital (HK) Limited

A letter from the Board is set out on pages 5 to 16 of this circular. A letter from the Independent Board Committee is set out on page 17 of this circular.

A letter from SBI E2, the independent financial adviser, containing its advice to the Independent Board Committee is set out on pages 18 to 39 of this circular.

A notice convening the EGM of Goldbond Group Holdings Limited to be held at Taishan Room, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong at 10:00 a.m. on 16 December 2004 is set out on pages 48 to 49 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.

11 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
“Acquisition”	the transactions contemplated under the Acquisition Agreement (including the issue of the Convertible Note and the Conversion Shares and the entering into of the Deed of Adherence by the Purchaser)
“Acquisition Agreement”	the agreement entered into between the Company, the Purchaser and the Vendor dated 15 October 2004 in relation to the acquisition of 20% of the total issued share capital of GCHL by the Company
“Armstrong”	Armstrong Capital Limited, beneficially wholly owned by Mr. Ko
“associates”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any days (excluding Saturday) on which banks in Hong Kong are open for business
“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
“Completion Date”	date of completion of the Acquisition Agreement

DEFINITIONS

“Conversion Shares”	the Shares to be allotted and issued by the Company upon full conversion of the Convertible Note, based on the conversion price of HK\$0.129 per Share, being the average closing price of the Share for the past 10 trading days immediately prior to 15 October 2004 (i.e. the date of the Acquisition Agreement) (subject to adjustment)
“Convertible Note”	convertible note in an aggregate principal amount of HK\$30,000,000 to be issued by the Company to the Vendor under the Acquisition Agreement
“Deed of Adherence”	the deed of adherence as annexed thereto the Acquisition Agreement, details of which have been set out under the paragraph headed “Deed of Adherence” in the letter from the Board
“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 10:00 a.m. on 16 December 2004 to consider the ordinary resolution to be proposed to approve the Acquisition Agreement (including the issue of the Convertible Note and the Conversion Shares and the entering into of the Deed of Adherence by the Purchaser)
“GCHL”	Goldbond Capital Holdings Limited, a company incorporated in Hong Kong with limited liability which is owned as to 66.250% by the Vendor, as to 18.125% by Armstrong, as to 9.375% by Hing Wong and as to 6.250% by Reliance
“GCHL Group”	GCHL and its subsidiaries
“Group”	the Company and its subsidiaries
“Hing Wong”	Hing Wong Finance Limited, 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
“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 Mr. Ip Yin Wah, Mr. Ma Ho Fai, Mr. Shiraki Melvin Jitsumi and Mr. Zhang Xiao Shu, which has been formed to advise the Independent Shareholders in respect of the Acquisition Agreement (including the issue of the Convertible Note and the Conversion Shares and the entering into of the Deed of Adherence by the Purchaser)
“Independent Shareholders”	Shareholders other than Mr. Wong, Mr. Kee, Mr. Ko and their respective associates
“Latest Practicable Date”	5 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	15 April 2005, or such later date as the parties to the Acquisition Agreement may agree in writing
“Mr. Kee”	Mr. Kee Wah Sze, a Director
“Mr. Ko”	Mr. Ko Po Ming, a Director
“Mr. Wong”	Mr. Wong Yu Lung, Charles, a Director and Vice Chairman of the Company
“Percentage Ratios”	the percentage ratios under Rule 14.07 of the Listing Rules
“PRC”	The People’s Republic of China
“Purchaser”	Flourish Global Limited, a wholly owned subsidiary of the Company
“Reliance” or “Trustee”	Reliance Wealth Limited
“Sale Shares”	30,000,000 shares of HK\$1.00 each in GCHL

DEFINITIONS

“SBI E2”	SBI E2-Capital (HK) Limited, a licensed corporation under the SFO to carry out types 1, 4, 6 and 9 regulated activities, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition Agreement (including the issue of the Convertible Note and the Conversion Shares and the entering into of the Deed of Adherence by the Purchaser)
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Goldbond Capital Investment Holdings Limited, a company indirectly owned as to 90% by Mr. Kee and 10% by Mr. Wong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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)

(Stock Code: 172)

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

11 November 2004

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

It was announced by the Company on 20 October 2004 that on 15 October 2004, the Company, the Purchaser (a wholly owned subsidiary of the Company) and the Vendor entered into the Acquisition Agreement pursuant to which, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing 20% of the issued share capital of GCHL at a consideration of HK\$30,000,000, which would be satisfied by the issue of the Convertible Note by the Company.

The Vendor is indirectly owned as to 90% by Mr. Kee and 10% by Mr. Wong, both being Directors and hence connected persons of the Company under the Listing Rules. Therefore, the entering into of the Acquisition Agreement constitutes a connected transaction for the Company. In addition, since the relevant figures for the Acquisition under the Percentage Ratios exceed 5%, the entering into of the Acquisition Agreement constitutes a discloseable

LETTER FROM THE BOARD

transaction for the Company under the Listing Rules. As both the Vendor and Armstrong are connected persons of the Company under the Listing Rules, the entering into of the Deed of Adherence by the Purchaser will constitute a connected transaction for the Company. As the Acquisition constitutes a connected transaction, the Company will seek approval from the Independent Shareholders for the Acquisition (including the issue of the Convertible Note and the Conversion Shares and the entering into of the Deed of Adherence by the Purchaser) at the EGM by way of poll. Mr. Wong, Mr. Kee, Mr. Ko and their respective associates will abstain from voting on the proposed resolution in relation to the Acquisition.

THE ACQUISITION AGREEMENT

Date

15 October 2004

Parties

- (1) the Purchaser;
- (2) the Company, being the warrantor to certain warranties under the Acquisition Agreement; and
- (3) the Vendor.

The Acquisition

The Vendor agreed to sell and the Purchaser agreed to purchase 30,000,000 shares of HK\$1.00 each in GCHL (i.e. the Sale Shares), representing 20% of the total issued share capital of GCHL at a consideration of HK\$30,000,000, which will be satisfied by the issue of the Convertible Note by the Company.

The consideration for the Acquisition of HK\$30,000,000 was arrived at after arm's length negotiations between the parties to the Acquisition Agreement and with reference to the nominal value of the total issued share capital and net asset value of GCHL, and represents 20% of the nominal value of the total issued share capital of GCHL and a premium of approximately 7.7% over the net asset value of GCHL as at 31 August 2004.

Conditions precedent

Completion of the Acquisition Agreement is conditional upon the fulfilment or, as the case may be, waiver of the following conditions:

- (a) the approval of the Acquisition (including the issue of the Convertible Note and the Conversion Shares and the entering into of the Deed of Adherence by the Purchaser) by the Independent Shareholders at the EGM by poll;

LETTER FROM THE BOARD

- (b) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Conversion Shares;
- (c) the Purchaser being satisfied upon inspection and investigation as to the respective financial, corporate, taxation and trading positions of GCHL;
- (d) the Vendor having complied fully with the pre-completion obligations specified in the Acquisition Agreement and otherwise having performed all of the covenants and agreements required to be performed by it under the Acquisition Agreement (other than those to be performed at or after completion);
- (e) a certified copy of the board minutes of the Vendor approving execution of the Acquisition and completion of the transactions contemplated under the Acquisition Agreement;
- (f) the warranties set out in the Acquisition Agreement having remained true and accurate and not misleading at all dates from the date of the Acquisition Agreement up to and including the Completion Date;
- (g) all waivers or consents (if any) which are required for the entering into and/or the performance of obligations under the Acquisition Agreement by the parties having been obtained, including, without limitation, the waiver and/or consents (if required) of the Shareholders, the Stock Exchange and the Securities and Futures Commission of Hong Kong and such waivers and/or consents (if any) remaining in full force and effect and there being no statement, notification to revoke or not to renew the same having been received/obtained; and
- (h) such other documents as may be reasonably required to give to the Purchaser good title to the Sale Shares and to enable the Purchaser or its nominees to become its registered holders thereof.

Except for conditions (a) and (b), all of the above conditions above can be waived by the Purchaser. At present, the Directors do not have any intention to waive any of the aforesaid conditions (c) to (h) above. If the aforesaid conditions have not been fulfilled or waived (as the case may be) on the Long Stop Date, the Acquisition Agreement shall cease to have any effect and no party shall have any liability thereunder save in respect of claims arising out of any antecedent breach of the Acquisition Agreement. As at the Latest Practicable Date, only condition (e) above has been fulfilled.

Warranty

Pursuant to the Acquisition Agreement, the Company represents, warrants and undertakes to the Vendor that (i) so long as the Purchaser remains as a shareholder of GCHL, the Company shall not transfer, sell or dispose of any shares in the Purchaser to the effect that the Purchaser will cease to be a wholly owned subsidiary of the Company and (ii) the Company shall issue the Convertible Note pursuant to the terms of the Acquisition Agreement.

LETTER FROM THE BOARD

Completion Date

The Completion Date shall be on the fifth Business Day after the day on which all the above conditions have been fulfilled or, if applicable, waived by the Company, or on such other date as may be agreed by the parties to the Acquisition Agreement in writing.

Deed of Adherence

Upon completion of the Acquisition, the Purchaser will enter into the Deed of Adherence with the existing shareholders of GCHL whereby the Purchaser covenants to be bound by all the terms of the shareholders' agreement entered into among the existing shareholders of GCHL (the "Shareholders' Agreement") dated 4 October 2004.

The Shareholders' Agreement was executed by the Vendor, Armstrong, Hing Wong and Reliance. GCHL is currently owned as to 66.250% by the Vendor, 18.125% by Armstrong (which is beneficially wholly owned by Mr. Ko, a Director), 9.375% by Hing Wong and the remaining 6.250% by Reliance. Hing Wong is independent of and not connected with the directors, chief executive, substantial shareholders of the Company or any of its subsidiaries, and/or their respective associates. In addition, Reliance holds such shares in GCHL as a trustee for the benefit of key management personnel (the "Key Management Personnel"), namely employees of GCHL and its subsidiaries as may be determined by shareholders of GCHL together holding 70% or more of the entire issued share capital of GCHL ("Majority Shareholders") prior to public listing of GCHL or 8 January 2007, whichever is earlier. The Trustee shall forthwith after determination of the Key Management Personnel by the then Majority Shareholders allot and issue its own shares to such Key Management Personnel in proportion as the Majority Shareholders may direct. The Trustee also undertakes to vote in the manner as the Majority Shareholders may lawfully direct in all general meetings of GCHL prior to such determination.

Pursuant to the Shareholders' Agreement, the Vendor shall (if it desires to do so) have the right, at any time after the date of the Shareholders' Agreement, to sell or transfer up to 90% of the shares of GCHL held by it from time to time to the Company or any of its wholly owned subsidiaries upon such terms as it may determine. For every 11% of the total issued share capital of GCHL sold or transferred by the Vendor to the Company or any of its wholly owned subsidiaries, the Company is entitled to appoint one director of GCHL in place of such director as appointed by the Vendor. Further, for every 28% of the total issued share capital of GCHL sold or transferred by the Vendor to the Company or any of its wholly owned subsidiaries, the Company is entitled to appoint its nominated director of GCHL in place of such director as appointed by the Vendor as member of the management committee of GCHL. Save and except the aforementioned transfer, prior to 8 January 2007, no shareholder shall dispose or encumber any shares of GCHL without the prior written consent of all other shareholders.

Pursuant to the Shareholders' Agreement, the working capital of GCHL and its subsidiaries shall be financed by pro rata allotment of shares to shareholders of GCHL in proportion to their respective beneficial shareholdings in GCHL or by obtaining loan from banks or other financial institutions.

LETTER FROM THE BOARD

The Directors (other than Mr. Wong, Mr. Kee and Mr. Ko as interested Directors in the Acquisition) consider that the terms of the Shareholders' Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. GCHL is currently owned as to 66.250% by the Vendor (which is indirectly owned as to 90% by Mr. Kee and 10% by Mr. Wong, both being Directors) and 18.125% by Armstrong (which is beneficially wholly owned by Mr. Ko, a Director). As both the Vendor and Armstrong are connected persons of the Company under the Listing Rules, the entering into of the Deed of Adherence by the Purchaser will constitute a connected transaction for the Company and require the approval from the Independent Shareholders at the EGM by way of poll, with Mr. Kee, Mr. Wong and Mr. Ko and their respective associates abstaining from voting.

Terms of the Convertible Note

The principal terms of the Convertible Note were determined after arm's length negotiation between the Company and the Vendor and are summarised as below:

Principal amount

HK\$30,000,000.

Interest

Nil.

Maturity

Unless previously converted into Conversion Shares and/or redeemed, the outstanding principal amount of Convertible Note will be automatically redeemed on 5 August 2007 (the "Maturity Date").

Redemption

At any time from the date of issue of the Convertible Note up to the fifth Business Day prior to the Maturity Date, the Company may redeem all or, from time to time, part only of the Convertible Note (in an amount or integral multiple of HK\$500,000).

Conversion price

The conversion price of the Convertible Note is HK\$0.129, being the average closing price of the Shares for the past 10 trading days immediately prior to 15 October 2004, the date of the Acquisition Agreement, which represents a premium of approximately 1.6% to the closing price of the Shares on 14 October 2004, being the trading day immediately preceding the date of the Acquisition Agreement (subject to adjustment).

LETTER FROM THE BOARD

Conversion

Holder of the Convertible Note will have the right to convert the whole or any part of the principal amount of the Convertible Note into Conversion Shares on any Business Day commencing from the date of issue of the Convertible Note up to the Business Day immediately prior to the Maturity Date. No fraction of a Share shall be issued on conversion.

The Conversion Shares which fall to be issued upon conversion shall rank pari passu in all respects with all other existing Shares outstanding as at the date of the notice of conversion and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the notice of conversion.

Assuming full conversion of the Convertible Note at the conversion price of HK\$0.129 per Share, being the average closing price of the Shares for the past 10 trading days immediately prior to 15 October 2004 (i.e. the date of the Acquisition Agreement), the Company will have to issue 232,558,140 Conversion Shares which represent (i) approximately 13.99% of the existing issued share capital of the Company; and (ii) approximately 12.27% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

Application will be made to the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares but not the Convertible Note.

Transferability

The Convertible Note (in whole or in part) is freely transferable, subject to holder of the Convertible Note having given prior written notification to the Company of such transfer. The Company will inform the Stock Exchange if any connected person (as defined in the Listing Rules) becomes the holder of the Convertible Note.

Voting

Holder of the Convertible Note shall not be entitled to receive notice of, attend or vote at any meetings of the Company.

LETTER FROM THE BOARD

Shareholding structure

The following table sets out the changes in shareholding structure of the Company, assuming full conversion of the Convertible Note at the conversion price of HK\$0.129 per Share:

	Existing shareholding structure		Assuming full conversion of the Convertible Note (Note 5)	
	Shares	%	Shares	%
Allied Luck Trading Limited (Note 1)	497,232,000	29.91	497,232,000	26.24
Ace Solomon Investments Limited (Note 2)	338,888,343	20.39	338,888,343	17.88
Canasia Profits Corporation (Note 3)	133,701,300	8.04	133,701,300	7.06
Sparkle Power Technology Limited (Note 4)	65,881,800	3.96	65,881,800	3.48
Vendor	–	–	232,558,140	12.27
Sub-total	1,035,703,443	62.30	1,268,261,583	66.93
Public	626,736,557	37.70	626,736,557	33.07
TOTAL	<u>1,662,440,000</u>	<u>100.00</u>	<u>1,894,998,140</u>	<u>100.00</u>

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 beneficially owned as to 11% by Mr. Wong, 46% by Mr. Kee and 43% by Ms. Loh Jiah Yee, Katherine, all of them being executive Directors.
- Canasia Profits Corporation is wholly owned by Mr. Kee.
- Sparkle Power Technology Limited is owned as to 50% by Ms. Loh Jiah Yee, Katherine and 50% by Mr. Ko, both being executive Directors.
- Assuming full conversion of the Convertible Note at the conversion price of HK\$0.129 per Share and no other options/convertible notes (if any) are being exercised at all.

Allied Luck Trading Limited, Ace Solomon Investments Limited, Canasia Profits Corporation, Sparkle Power Technology Limited, the Vendor, Mr. Wong, Mr. Kee and Mr. Ko are parties acting in concert under the Takeovers Code. If the Vendor converts the Convertible Note, the Vendor and parties acting in concert with it will comply with the requirements of the Takeovers Code and the Listing Rules from time to time.

The Directors (other than Mr. Wong, Mr. Kee and Mr. Ko as interested Directors in the Acquisition) consider that the terms of the Convertible Note are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ACQUISITION

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.

The Directors consider that the entering into of the Acquisition Agreement is a strategic move for the Group to venture into the investment and financial services business in Hong Kong which the Directors believe has optimistic and growth prospect. Following the PRC's entry to the World Trade Organisation, the Directors are of the view that the economic outlook of the PRC looks promising. With the introduction of the Closer Economic Partnership Arrangement ("CEPA") and the fact that Hong Kong is one of the largest financial centres in Asia, the Directors believe that the financial services sector in Hong Kong is set to ride on the expected growth of fund raising exercise activities by PRC enterprises. Though the GCHL Group is currently loss making, the Directors believe that the GCHL Group possesses experienced and competent personnel in the financial industry and has potential to contribute to the Group in the near future.

In addition, the Directors believe that the consideration for the Acquisition, which represents a price-to-book ratio of approximately 1.08 times of the 20% equity interest in the net book value of GCHL as at 31 August 2004, is in line with the trading multiples of other financial services providers listed on the Stock Exchange and the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION

Pursuant to the Acquisition Agreement, the Company will issue the Convertible Note to the Vendor at a consideration of HK\$30,000,000 and such proceeds will be applied for the acquisition of the Sale Shares. As a result, the Acquisition will not have any immediate effect to the net asset value and the cash flow of the Company as the increase in investments will be offset by an increase in long term liabilities.

INFORMATION ON GCHL

GCHL is currently owned as to 66.250% by the Vendor, 18.125% by Armstrong, 9.375% by Hing Wong and 6.250% by Reliance.

LETTER FROM THE BOARD

GCHL was incorporated on 2 July 2002 and has not conducted any business activity other than investment holding. As at the Latest Practicable Date, the total issued share capital of GCHL amounted to HK\$150,000,000. The maximum number of directors of GCHL holding office at any time shall not be more than eight. At present, the board of directors of GCHL comprises five directors. Upon completion of the Acquisition, the Company shall have the right to request the resignation of one existing director of GCHL nominated by the Vendor and to appoint one person nominated by the Purchaser as new director of GCHL. At present, the Directors do not have any intention to exercise such right to request the resignation of one existing director of GCHL nominated by the Vendor.

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 as well as debt and corporate restructuring. Recently, the GCHL Group, through one of its subsidiaries, has further expanded its business coverage to asset management. With the exception of its asset management subsidiary which is in the progress of applying a licence from the Securities and Futures Commission of Hong Kong, all of the GCHL's subsidiaries have obtained all necessary licences and approvals (if required) from the Securities and Futures Commission of Hong Kong and other regulatory bodies to conduct securities-related business in Hong Kong.

According to the audited consolidated accounts of the GCHL Group for the period from 2 July 2002 (date of incorporation*) to 31 December 2003, the financial information of GCHL is summarised as below:

	<i>HK\$'000*</i>
Loss before tax and minority interests	5,011
Loss after tax and minority interests	4,918
Net assets value	95,082

* No separate audited figures were available for the period from 2 July 2002 to 31 December 2002.

According to the unaudited consolidated financial information of the GCHL Group for the eight months ended 31 August 2004, net loss after minority interest (before and after taxation) for the period amounted to approximately HK\$5,850,000 and net asset value of GCHL Group as at 31 August 2004 amounted to approximately HK\$139,232,000.

GENERAL

The principal business of the Group is property development and investment and other investments in Hong Kong and the PRC. As it is stated in the annual report of the Company for the financial year ended 31 March 2004, the Company completed an open offer by issuing 1,325,952,000 offer Shares at a price of HK\$0.10 per Share (the "Offer Shares") on the basis of four Offer Shares for every one Share held by the Shareholders in December 2003 (the

LETTER FROM THE BOARD

“Open Offer”). The net proceeds from the Open Offer of approximately HK\$131,585,000 has been utilised as to HK\$100,000,000 for the acquisition of 25% equity interest in and a shareholder’s loan to Nanjing City Plaza Construction Co., Ltd. and the remaining as general working capital of the Group. Further, the Company completed an issue of a convertible note in the principal amount of HK\$70,000,000 to Wah Link Investments Limited in August 2004 (the “August Convertible Note”). The proceeds from the issue of the August Convertible Note will be applied for funding of the subscription of new shares in Rongzhong BVI and the shareholder’s loan to be provided by a wholly owned subsidiary of the Company to Rongzhong BVI pursuant to the Subscription Agreement (all as defined in the announcement of the Company dated 4 November 2004 (the “November Announcement”). Details of which have been disclosed in the November Announcement.

The Vendor is indirectly owned as to 90% by Mr. Kee and 10% by Mr. Wong, both being Directors and hence connected persons of the Company under the Listing Rules. Therefore, the entering into of the Acquisition Agreement constitutes a connected transaction for the Company. In addition, since the relevant figures for the Acquisition under the Percentage Ratios exceed 5%, the entering into of the Acquisition Agreement constitutes a discloseable transaction for the Company under the Listing Rules. As both the Vendor and Armstrong are connected persons of the Company under the Listing Rules, the entering into of the Deed of Adherence by the Purchaser constitutes a connected transaction for the Company. The Company will seek approval from the Independent Shareholders for the Acquisition Agreement and all transactions contemplated therein (including the issue of the Convertible Note and the Conversion Shares and the entering into of the Deed of Adherence by the Purchaser) at the EGM by way of poll. Mr. Wong, Mr. Kee, Mr. Ko and their respective associates will abstain from voting on the proposed resolution in relation to the Acquisition.

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 Acquisition Agreement (including the issue of the Convertible Note and the Conversion Shares and the entering into of the Deed of Adherence by the Purchaser).

SBI E2 has been appointed as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Acquisition Agreement (including the issue of the Convertible Note and the Conversion Shares and the entering into of the Deed of Adherence by the Purchaser). The letter from SBI E2 is set out in the section headed “Letter from SBI E2” in this circular.

THE EGM

The Company will seek approval from the Independent Shareholders in relation to the Acquisition Agreement, the issue of the Convertible Note and the Conversion Shares and the entering into of the Deed of Adherence by the Purchaser at the EGM.

Mr. Wong, Mr. Kee and Mr. Ko and their respective associates will abstain from voting on the proposed resolution in relation to the Acquisition.

LETTER FROM THE BOARD

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 10:00 a.m. on 16 December 2004 is set out on pages 48 to 49 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 Acquisition (including the issue of the Convertible Note and the Conversion Shares and the entering into of the Deed of Adherence by the Purchaser) constitutes a connected transaction for the Company, it is required to be approved by 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.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 17 which contains its recommendation to the Independent Shareholders on the terms of the Acquisition Agreement (including the issue of the Convertible Note and Conversion Shares and the entering into of the Deed of Adherence by the Purchaser), and the letter from SBI E2, the text of which is set out on pages 18 to 39 of this circular, containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Acquisition Agreement (including the issue of the Convertible Note and the Conversion Shares and the entering into of the Deed of Adherence by the Purchaser). The Independent Shareholders are advised to read the aforesaid letters before deciding as to how to vote at the EGM.

LETTER FROM THE BOARD

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

11 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 Acquisition Agreement and the Acquisition (including the issue of the Convertible Note and the Conversion Shares and the entering into of the Deed of Adherence by the Purchaser), details of which are set out in the letter from the Board in the circular dated 11 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 SBI E2 set out on pages 5 to 16 and pages 18 to 39 of the Circular respectively. We have considered and discussed with SBI E2 regarding its letter and the principal factors and reasons considered by it as well as its recommendation in relation to the Acquisition Agreement and the Acquisition (including the issue of the Convertible Note and the Conversion Shares and the entering into of the Deed of Adherence by the Purchaser). We consider the terms of the Acquisition Agreement and the Acquisition (including the issue of the Convertible Note and the Conversion Shares and the entering into of the Deed of Adherence by the Purchaser) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We also concur with SBI E2’s advice and recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to consider and, if thought fit, approve the Acquisition Agreement and the Acquisition (including the issue of the Convertible Note and the Conversion Shares and the entering into of the Deed of Adherence by the Purchaser).

Yours faithfully,

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

Independent Board Committee

LETTER FROM SBI E2

The following is the text of a letter from SBI E2 in connection with the Acquisition, which has been prepared for the purpose of inclusion in this circular:



The Independent Board Committee
Goldbond Group Holdings Limited
Unit 3901A
Tower 1
Lippo Centre
89 Queensway
Hong Kong

11 November 2004

*To the Independent Shareholders of
Goldbond Group Holdings Limited*

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION
relating to the Acquisition Agreement
(including the issue of the Convertible Note and Conversion Shares
and the entering into of the Deed of Adherence by the Purchaser)

INTRODUCTION

We refer to the announcement (the “**Announcement**”) issued by Goldbond Group Holdings Limited (the “**Company**”) dated 20 October 2004 in relation to, inter alia:

- (i) the proposed acquisition (“**Acquisition**”) by Flourish Global Limited (the “**Purchaser**”), a wholly owned subsidiary of the Company, of 20% of the total issued share capital of Goldbond Capital Holdings Limited (“**GCHL**”) from Goldbond Capital Investment Holdings Limited (the “**Vendor**”), for a consideration of HK\$30,000,000 which will be satisfied by the issue of a convertible note (the “**Convertible Note**”) by the Company to the Vendor; and
- (ii) the entering into of a deed of adherence (the “**Deed of Adherence**”) by the Purchaser with the existing shareholders of GCHL upon completion of the Acquisition, whereby the Purchaser covenants to be bound by all the terms of the existing shareholders’ agreement (the “**Shareholders’ Agreement**”) which was entered into among the existing shareholders of GCHL on 4 October 2004.

LETTER FROM SBI E2

Details of, inter alia, the terms and conditions of the Acquisition, including the issue of the Convertible Note and Conversion Shares (as such term is defined and referred to in the Announcement) and the entering into of the Deed of Adherence by the Purchaser are set out in a circular issued by the Company to its shareholders (the “**Shareholders**”) dated 11 November 2004 (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context herein otherwise requires.

As referred to in the Letter from the Board as set out on pages 5 to 16 of the Circular, the entering into of the Acquisition Agreement constitutes a discloseable transaction for the Company under the Listing Rules. Furthermore, the Vendor is owned as to 90% by Mr. Kee and 10% by Mr. Wong, both being Directors and hence connected persons of the Company under the Listing Rules. Accordingly, the entering into of the Acquisition Agreement between, inter alia, the Purchaser (which is a wholly owned subsidiary of the Company) and the Vendor on 15 October 2004 constitutes a connected transaction for the Company under the Listing Rules. On the other hand, Armstrong is a company wholly owned by Mr. Ko, a Director, and is an existing shareholder of GCHL. Accordingly, the Deed of Adherence to be entered into by the Purchaser with the existing shareholders of GCHL (including Armstrong) constitutes a connected transaction for the Company under the Listing Rules. Pursuant to the requirements of Rule 14A.18 of the Listing Rules, the Acquisition Agreement (including the issue of the Convertible Note and Conversion Shares and the entering into of the Deed of Adherence by the Purchaser) shall be subject to the approval of the Independent Shareholders, by way of a poll, at the EGM. Mr. Wong (as a shareholder of the Vendor), Mr. Kee (as a shareholder of the Vendor), Mr. Ko (as the sole shareholder of Armstrong) and their respective associates shall abstain from voting on the resolution to be proposed at the EGM to consider and, if thought fit, approve the Acquisition Agreement (including the issue of the Convertible Note and Conversion Shares and the entering into of the Deed of Adherence by the Purchaser).

Pursuant to the requirements of Rule 13.39(6) of the Listing Rules, the Independent Board Committee comprising Messrs. Ip Yin Wah, Ma Ho Fai, Shiraki Melvin Jitsumi and Zhang Xiao Shu, being independent non-executive Directors, has been established by the Company to advise the Independent Shareholders in relation to the terms of the Acquisition Agreement (including the issue of the Convertible Note and Conversion Shares and the entering into of the Deed of Adherence by the Purchaser). We, SBI E2-Capital (HK) Limited, have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Acquisition Agreement (including the issue of the Convertible Note and Conversion Shares and the entering into of the Deed of Adherence by the Purchaser). This letter contains our advice to the Independent Board Committee and the Independent Shareholders as to whether or not (i) the terms of the Acquisition Agreement (including the issue of the Convertible Note and Conversion Shares and the entering into of the Deed of Adherence by the Purchaser) are fair and reasonable and are in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole; and (ii) the Independent Board Committee should recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to consider and, if thought fit, approve the Acquisition Agreement (including the issue of the Convertible Note and Conversion Shares and the entering into of the Deed of Adherence by the Purchaser) by way of a poll.

LETTER FROM SBI E2

KEY ASSUMPTIONS MADE

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Acquisition Agreement (including the issue of the Convertible Note and Conversion Shares and the entering into of the Deed of Adherence by the Purchaser), we have relied on the accuracy of the information and representations contained in the Circular which have been provided to us by the Directors and which the Directors consider to be complete and relevant. We have assumed that all statements, information and representations made or referred to in the Circular, for which the Directors are solely responsible, were true and correct in all respects at the time they were made and continued to be so as at the date of despatch of the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and we have been advised by the Directors that no material facts have been omitted from the information and representations provided in and referred to in the Circular. We consider that we have received sufficient information to enable us to reach an informed view and to justify our reliance on the accuracy of the information and representations contained in the Circular and to provide a reasonable basis for our opinion and recommendation. We have no reason to suspect that any material information has been withheld by the Company or by the Directors. We have not, however, carried out any independent verification of the information provided to us by the Directors, nor have we conducted an independent in-depth investigation into the affairs of the Company and its subsidiaries.

In formulating our opinion and recommendation, we have not considered the tax consequences on the Shareholders as a result of the approval (or otherwise) by the Independent Shareholders of the Acquisition Agreement, the issue of the Convertible Note and Conversion Shares or the entering into of the Deed of Adherence by the Purchaser, since these are particular to the individual circumstances of any Shareholder. It is emphasized that we will not accept responsibility for any tax effects on or liabilities of any person resulting from the approval (or otherwise) by the Independent Shareholders of the Acquisition Agreement, the issue of the Convertible Note and Conversion Shares or the entering into of the Deed of Adherence by the Purchaser. In particular, any Shareholder who is in any doubt about his/her own tax position in connection with the approval of the Acquisition Agreement, the issue of the Convertible Note and Conversion Shares or the entering into of the Deed of Adherence by the Purchaser, should consult his/her own professional adviser(s).

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Acquisition Agreement, the issue of the Convertible Note and Conversion Shares and the entering into of the Deed of Adherence by the Purchaser, we have considered the principal factors and reasons set out below:

A. THE ACQUISITION AGREEMENT

1. Reasons for the Purchaser to enter into the Acquisition Agreement

We noted that as referred to in the Company's annual report and accounts for the financial year ended 31 March 2004, the Group's principal business activity is property

LETTER FROM SBI E2

development and investment and the Group's turnover for the financial year ended 31 March 2004 is derived solely from gross rental income generated from the Group's investment properties in Hong Kong. As referred to in the Letter from the Board as set out on pages 5 to 16 of the Circular, the Board seeks business diversification and considers that the entering into of the Acquisition Agreement is a strategic move for the Group to venture into the investment and financial services businesses in Hong Kong which the Directors believe has optimistic and growth prospect.

As referred to in the Letter from the Board as set out on pages 5 to 16 of the Circular, GCHL is an investment holding company whose subsidiaries are 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 restructurings as well as asset management. With the exception of GCHL's asset management subsidiary which is in the progress of applying for the license with the Securities and Futures Commission of Hong Kong to carry out asset management activities in Hong Kong, all of GCHL's other subsidiaries have obtained all the necessary licenses and approvals from the Securities and Futures Commission of Hong Kong and other relevant regulatory authorities to carry out securities-related business activities in Hong Kong.

Therefore, based on the foregoing, we consider that the GCHL Group is well-positioned to become an active participant in the investment markets, financial-related services markets and capital markets in Hong Kong. This enables the GCHL Group to reap the economic benefits of any improvements in the sentiment of the investment, financial and capital markets in Hong Kong, which may be generated by (i) the positive economic outlook of the PRC following the PRC's entry to the World Trade Organization in 2001; (ii) the introduction of closer economic linkage and co-operation between the PRC and Hong Kong, by virtue of the implementation of the Closer Economic Partnership Arrangement ("CEPA") in 2003; and (iii) discussions about the implementation of the Qualifying Foreign Institutional Investors ("QFII") and the Qualifying Domestic Institutional Investors ("QDII") schemes, which essentially boosts capital flows and fosters a closer relationship between the investor communities in Hong Kong and the PRC. In this regard, we concur with the Directors' view regarding the growth and development prospects of the investment and financial-related services markets in Hong Kong.

We were informed by the Directors that the loss-making feature of the GCHL Group since incorporation (July 2002) up to 31 August 2004 is attributable to the fact that the GCHL Group has had a short operating history of only about 2 years and 4 months since incorporation up to and including the Latest Practicable Date. During this period, the stock market sentiment in Hong Kong was predominantly quiet, except for the period from June to December 2003 during which we noted a more robust recovery of the stock market sentiment in Hong Kong after SARS. In this regard, we were also informed by the Directors that the senior management of the GCHL Group will capitalize on their

LETTER FROM SBI E2

extensive experience and expertise in the PRC and tap on the business opportunities in financial advisory, securities trading, fund raising and asset management, which may be generated to the Hong Kong investor community arising from CEPA as well as the QDII and QFII schemes. Therefore, we consider that the GCHL Group possesses growth and development prospects notwithstanding the loss-making feature of the GCHL Group since incorporation up to 31 August 2004.

As a result of the Acquisition, the Company will, through the Purchaser (being a wholly owned subsidiary of the Company), beneficially own 20% of the issued share capital of GCHL. Therefore, we consider that the Acquisition constitutes a strategic move for the Group to venture into the investment and financial services businesses in Hong Kong and enables the Group to reap the economic benefits which may arise therefrom, which we consider to be in the interest of the Company and the Shareholders (including the Independent Shareholders) as a whole.

2. Consideration payable for the Acquisition

2.1 Method of payment of the consideration for the Acquisition

As referred to in the Letter from the Board as set out on pages 5 to 16 of the Circular, the consideration payable by the Purchaser for the Acquisition is HK\$30,000,000, which amount will be satisfied by way of an issue by the Company of the Convertible Note to the Vendor.

We noted that, as referred to in the Company's annual report and accounts for the financial year ended 31 March 2004 (being the latest accounts reporting date to which the Company's audited consolidated financial statements were prepared and published), the Group had aggregate free cash balances of approximately HK\$10 million and aggregate bank loans and borrowings of approximately HK\$191 million as at 31 March 2004 (of which approximately HK\$13 million relates to short term loans repayable by the Group on or before 31 March 2005). Therefore, we consider that it is in the Group's interest to settle the consideration for the Acquisition by way of the issue of the Convertible Note. Furthermore, we also consider that it is not in the Group's interest to finance the Acquisition by way of external borrowings as this would further increase the Group's existing gearing level. In view of the fact that during its term, the Convertible Note is capable of being fully converted into Conversion Shares which would thereby relieve the Group from cashflow pressures attributable to the redemption of the principal amount of the Convertible Note on the Maturity Date, we consider that it is appropriate and in the best interest of the Company to settle the consideration payable for the Acquisition by way of an issue of the Convertible Note to the Vendor.

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2.2 Value of the consideration payable for the Acquisition

As referred to in the Letter from the Board as set out on pages 5 to 16 of the Circular, the unaudited net asset value of the GCHL Group as at 31 August 2004 amounted to approximately HK\$139.2 million. Accordingly, the unaudited net asset value of the GCHL Group attributable to the Sale Shares, being the 20% shareholding in GCHL acquired by the Purchaser from the Vendor pursuant to the Acquisition Agreement, amounted to approximately HK\$27.8 million. The consideration payable for the Acquisition of HK\$30,000,000 represents (i) an implied premium of approximately 7.9% over and above the unaudited net asset value of the GCHL Group attributable to the Sale Shares; and (ii) an implied price/book net asset value ratio of approximately 1.08 times the unaudited net asset value of the GCHL Group attributable to the Sale Shares.

LETTER FROM SBI E2

In this regard, we have researched into those companies (“**Comparable Companies**”) listed on the Stock Exchange which are principally engaged in the provision of the investment and financial-related services, and hence are essentially of a similar business nature as that of the GCHL Group. Set out below are the market parameters of the Comparable Companies, based on the closing share prices of the Comparable Companies as at the Latest Practicable Date:

Company	Principal business activities	Closing share price as at the Latest Practicable Date (=A) <i>HK\$</i>	Last reported earnings per share (=B) <i>HK\$</i>	Last reported net asset value/(net deficit) per share (=C) <i>HK\$</i>	Historical price earnings multiple (=A/B) <i>times</i>	Price/book net asset ratio (=A/C) <i>times</i>	Premium/ (Discount) of share price to net asset value per share (=A-C/C) <i>%</i>
China Everbright Limited	Provision of financial services including investment banking, asset management and venture capital businesses	4.225	0.1431	3.115	29.52	1.36	35.63
Sun Hung Kai & Co. Limited	Securities dealing and securities broking; dealing and broking services in leveraged forex, bullion and futures; provision of securities margin financing; provision of term loan financing, corporate finance and advisory services	1.960	0.1870	3.720	10.48	0.53	(47.31)
SW Kingsway Capital Holdings Limited	Investment in securities; stock and futures brokerage; provision of corporate finance and advisory services; asset and fund management; money lending and other securities related financial services	0.365	0.0259	0.178	14.09	2.05	105.06
Tai Fook Securities Group Limited	Securities and futures contracts broking and trading; provision of margin and other financing; provision of corporate advisory, placing and underwriting services; gold bullion contracts dealing and trading, and provision of fund management services	1.10	0.0878	1.697	12.53	0.65	(35.18)
Upbest Group Limited	Provision of securities broking, futures broking, securities margin financing, money lending, corporate finance advisory and assets management services	0.540	0.0340	0.155	15.88	3.48	248.39

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Company	Principal business activities	Closing share price as at the Latest Practicable Date (=A) <i>HK\$</i>	Last reported earnings per share (=B) <i>HK\$</i>	Last reported net asset value/(net deficit) per share (=C) <i>HK\$</i>	Historical price earnings multiple (=A/B) <i>times</i>	Price/book net asset ratio (=A/C) <i>times</i>	Premium/ (Discount) of share price to net asset value per share (=A-C/C) <i>%</i>
Shenyin Wanguo (H.K.) Limited	Securities trading, broking and dealing; securities financing; corporate finance, advisory and asset management services	0.790	0.0671	1.288	11.77	0.61	(38.66)
China United International Holdings Limited	Investment in trading securities and provision of brokerage and financial services	0.248	(0.0327)	0.258	N/A	0.96	(3.88)
Asia Telemedia Limited	Fund management, underwriting, share margin financing and investment holdings	0.188	(0.0303)	(0.021)	N/A	N/A	N/A
VXL Capital Limited	Securities trading and investment holding	3.80	0.1000	2.692	38.00	1.41	41.16
Hantec Investment Holdings Limited	Provision of leveraged foreign exchange trading services, securities broking, commodities and futures broking, corporate financial advisory services and fund management	0.660	0.0074	0.654	89.19	1.01	0.92
South China Brokerage Company Limited	Securities, bullion and commodities broking and trading; margin financing; provision of personal loan financing; provision of corporate advisory and underwriting services	0.055	0.0069	0.053	7.97	1.04	3.77
Tanrich Financial Holdings Limited	Engaged in broking index, commodity and currency futures contracts and securities; provision of financial-related services including margin financing, securities underwriting, financial advisory services, corporate finance, unit trusts and insurance-linked products.	0.840	0.1310	0.679	6.41	1.24	23.71
CASH Financial Services Group Limited	Brokerage and trading of securities, futures commodities, options, mutual funds and insurance-linked investment products; margin financing, corporate finance and other financial services	0.219	0.0398	0.323	5.50	0.68	(32.20)

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Company	Principal business activities	Closing share price as at the Latest Practicable Date (=A) <i>HK\$</i>	Last reported earnings per share (=B) <i>HK\$</i>	Last reported net asset value/(net deficit) per share (=C) <i>HK\$</i>	Historical price earnings multiple (=A/B) <i>times</i>	Price/book net asset ratio (=A/C) <i>times</i>	Premium/(Discount) of share price to net asset value per share (=A-C/C) <i>%</i>
Karl Thomson Holdings Limited	Provision of financial services including stockbroking, futures and options broking, mutual funds and insurance-linked investment plans and products, margin financing and corporate finance advisory services	0.244	0.0180	0.253	13.56	0.96	(3.56)
Quam Limited	Provision of financial services and brokerage business, and provision of financial information through the Internet	0.590	0.0726	1.170	8.13	0.50	(49.57)
Value Convergence Holdings Limited	Provision of securities brokerage, commodities trading and corporate finance business, real-time online trading solutions to brokers and financial institutions	0.660	(0.162)	0.519	N/A	1.27	27.2
Rexcapital Financial Holdings Limited	Engaged in the money lending business, investment holding and trading businesses	0.031	0.0013	0.079	23.85	0.39	(60.76)
AVERAGE					20.49	1.13	13.42

Based on the above table, we noted that the closing share prices of the Comparable Companies as at the Latest Practicable Date traded at (i) an average price earnings multiple of approximately 20.49 times historical earnings; (ii) an average premium of approximately 13.42% over and above the underlying last reported net asset values per share; and (iii) an average price/book net asset value ratio of approximately 1.13 times. As referred to in the Letter from the Board as set out on pages 5 to 16 of the Circular, although the GCHL Group recorded an audited net loss after tax and minority interests of approximately HK\$4.9 million during the period from 2 July 2002 (date of incorporation) to 31 December 2003 and an unaudited net loss after tax and minority interests of approximately HK\$5.9 million during the eight months ended 31 August 2004 (which therefore does not enable us to evaluate the consideration for the Acquisition on a price/earnings basis), we noted that:

- (i) the implied premium of approximately 7.9% over and above the unaudited net asset value of the GCHL Group attributable to the Sale Shares is lower than the corresponding premium of approximately 13.42% as demonstrated by the Comparable Companies, by a magnitude of about 41%; and

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- (ii) the implied price/book net asset value ratio of approximately 1.08 times the unaudited net asset value of the GCHL Group attributable to the Sale Shares is lower than the corresponding average price/book net asset value ratio of approximately 1.13 times as demonstrated by the Comparable Companies, by a magnitude of about 4.4%.

Based on the table above, we also noted that China United International Holdings Limited, Asia Telemedia Limited and Value Convergence Holdings Limited reported net losses per share for their last audited financial years (referred to as the “**Loss-making Comparable Companies**”). In view of the loss-making feature of the GCHL Group, set out below is a comparison of (i) the price/book net asset ratios; and (ii) the premiums of share prices as at the Latest Practicable Date to underlying net asset values per share of the Loss-making Comparable Companies against the corresponding parameters of the GCHL Group:

Company	Price/book net asset ratio <i>times</i>	Premium of share price to underlying net asset value per share <i>%</i>
China United International Holdings Limited	0.96	(3.88)
Asia Telemedia Limited	N/A	N/A
Value Convergence Holdings Limited	1.27	27.2
AVERAGE	1.12	11.66
GCHL Group	1.08	7.9

Based on the foregoing, (i) the implied premium of approximately 7.9% over and above the unaudited net asset value of the GCHL Group attributable to the Sale Shares is still lower than the corresponding premium of approximately 11.66% as demonstrated by the Loss-making Comparable Companies, by a magnitude of about 32%; and (ii) the implied price/book net asset ratio of approximately 1.08 times the unaudited net asset value of the GCHL Group attributable to the Sale Shares is still lower than the corresponding average price/book net asset value ratio of approximately 1.12 times as demonstrated by the Loss-making Comparable Companies, by a magnitude of about 3.6%.

LETTER FROM SBI E2

We noted that the consideration payable by the Purchaser for the Acquisition of HK\$30 million represents an implied 7.9% premium over and above the unaudited net asset value of the GCHL Group attributable to the Sale Shares, and an implied price/book ratio of approximately 1.08 times the unaudited net asset value of the GCHL Group attributable to the Sale Shares, notwithstanding that the GCHL Group has been loss-making since its incorporation. In this regard, we consider that the consideration payable by the Purchaser for the Acquisition is a matter of commercial negotiation between the Purchaser and the Vendor, which takes into account (inter alia) the growth and development prospects of, and hence the economic benefits to the Group arising from, the GCHL Group's business operations as referred to in our discussions in the paragraph headed "Reasons for the Purchaser to enter into the Acquisition Agreement" above. Therefore, we consider it does not necessarily follow from the loss-making status of the GCHL Group during the period from 2 July 2002 (date of incorporation) up to 31 August 2004 that the Purchaser shall be obliged to pay a consideration for the Acquisition which represents a discount to the unaudited net asset value of the GCHL Group attributable to the Sale Shares. Furthermore, although the table above relates to the pricing parameters demonstrated by the shares of listed companies on the Stock Exchange, we consider it essentially constitutes the best available information for the purpose of our evaluation of the consideration payable for the Acquisition for reason that financial information about private unlisted companies or acquisitions contemplated by private unlisted companies are not publicly available or disclosed to enable us to make a meaningful comparison.

Therefore, based on the foregoing evaluation, we are of the view that the consideration payable for the Acquisition has been determined on a fair and reasonable basis and is in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole.

3. Conclusion

Based on our analyses and evaluation above, we are of the view that the Acquisition Agreement is in the overall interests of the Company and the Shareholders (including the Independent Shareholders) as a whole. We also consider that the consideration payable for the Acquisition has been determined on a fair and reasonable basis and, based on the Group's financial position, we consider that it is appropriate and in the best interest of the Company to settle the consideration payable for the Acquisition by way of an issue of the Convertible Note to the Vendor.

LETTER FROM SBI E2

B. THE CONVERTIBLE NOTE

Details of the terms of the Convertible Note are set out in the Letter from the Board on pages 5 to 16 of the Circular.

We have identified and researched into the convertible loan note issues which were announced by listed companies on the Stock Exchange during the period from 1 January 2004 up to and including the Latest Practicable Date (the “**Period**”). Set out below are the issue statistics and parameters relating to the aforementioned convertible loan note issues:

Date of issue	Issuing company	Principal amount <i>HK\$ million</i>	Term to maturity <i>years</i>	Coupon rate (per annum) <i>%</i>	Convertible at any time during the term of the convertible loan note	Conversion price <i>HK\$</i>	Closing share price immediately prior to the announcement of the convertible loan note issue <i>HK\$</i>	Conversion premium/ (discount) <i>%</i>	Security	Transferable with consent of the issuer	Voting and dividend rights
6 January 2004	Softbank Investment International (Strategic) Limited	48	2	5	Yes	0.100	0.077	29.87	None	No	No
11 February 2004	Shangri-La Asia Limited	1,560	5	Not stated	Convertible 1 month after issue date up to 1 month before maturity date	9.250	8	15.63	None	Not stated	No
25 February 2004	K. Wah International Holdings Limited	800	5	0.5	Convertible 1 month after issue date up to 1 month before maturity date	2.250	1.90	18.42	None	No	No
12 March 2004	Far East Consortium International Limited	467.5	5	0	Convertible 1 month after issue date up to 1 month before maturity date	2.250	1.78	26.40	None	No	No
17 March 2004	Wing On Travel (Holdings) Limited	260	3	2	Yes	0.020	0.018	11.11	None	No	No
18 March 2004	Gorient (Holdings) Limited	20	1	8	Yes	0.018	0.017	5.88	None	No	No
24 March 2004	Shanghai Real Estate Limited	302	5	0	Convertible 1 month after issue date up to 1 month before maturity date	1.116	0.95	17.47	None	No	No
30 March 2004	NWS Holdings Limited	1,350	5	Not stated	Yes	13.630	10.9	25.05	None	No	No
30 March 2004	Yanion International Holdings Limited	24.9	2	2	Convertible 6 months after issue date but before maturity date	0.430	0.50	(14.00)	None	No	No
12 May 2004	CIG-WH International (Holdings) Limited	11.5	1.5	1	Yes	0.200	0.58	(65.52)	None	No	No
19 May 2004	S.A.S. Dragon Holdings Limited	12	2	0.1	Yes	1.000	0.81	23.46	None	Yes	No

LETTER FROM SBI E2

Date of issue	Issuing company	Principal amount <i>HKS million</i>	Term to maturity <i>years</i>	Coupon rate (per annum) <i>%</i>	Convertible at any time during the term of the convertible loan note	Conversion price <i>HKS</i>	Closing share price immediately prior to the announcement of the convertible loan note issue <i>HKS</i>	Conversion premium/ (discount) <i>%</i>	Security	Transferable with consent of the issuer	Voting and dividend rights
25 May 2004	Yugang International Limited	70	3	3	Yes	0.075	0.07	7.14	None	No	No
31 May 2004	Tomson Group Limited	389.5	5	0	Convertible 1 month after issue date up to 1 month before maturity date	1.950	1.46	33.56	None	No	No
4 June 2004	China Eagle Group Company Limited	8,058.3	3	0	Yes	5.520	5.92	(6.76)	None	No	No
8 June 2004	Regal Hotels International Holdings Limited	400	3	2	Convertible 6 months after issue date but before maturity date	0.250	0.233	7.30	None	No	No
17 June 2004	Techtronics Industries Limited	1,091.7	5	0	Convertible 1 month after issue date but before maturity date	16.560	12	38.00	None	No	No
10 June 2004	Dickson Group Holdings Limited	2.7	2	8	Yes	0.035	0.04	(12.50)	None	Yes	No
25 June 2004	Central China Enterprises Limited	19	2	8.5	Convertible 1 year after issue date but before maturity date	0.300	0.375	(20.00)	None	No	No
29 June 2004	Universal Technologies Holdings Limited	4	3	3.5	Convertible 1 year after issue date but before maturity date	0.100	0.088	13.64	None	Yes	No
19 July 2004	Zhong Hua International Holdings Limited	30	2	2.75	Convertible 3 months after issue date but before maturity date	0.150	0.135	11.10	None	Yes	No
30 July 2004	Tack Fat Group International Limited	234	5	1	Convertible 3 months after issue date but before maturity date	1.000	0.72	38.90	None	Yes	No
13 September 2004	Tack Fat Group International Limited	234	5	1	Convertible 3 months after issue date but before maturity date	1.000	0.72	38.90	None	Yes	No
6 September 2004	Golden Meditech Company Limited	226.4	3	1	Convertible 3 months after issue date but before maturity date	3.800	3.7	2.70	None	No	No
6 October 2004	South Sea Petroleum Holdings Limited	63.84	3	1	Convertible 6 months after issue date but before maturity date	0.760	0.58	31.03	None	Yes	No
6 October 2004	Wanji Pharmaceutical Holdings Limited	8.15	2	3	No – conversion only on maturity date	0.050	0.027	85.19	None	Yes	No
AVERAGE			3.3	2.31				14.48			

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We have analyzed and evaluated the terms of the Convertible Note against the convertible loan note issues during the Period as referred to in the foregoing table, in particular with regard to followings:

1. As regards coupon rate

The Convertible Note does not carry any interest rate, when compared with the average coupon rate of approximately 2.3% per annum in respect of the convertible loan note issues during the Period. Therefore, we consider that the issue of the Convertible Note is in the interest of the Company and the Shareholders (including the Independent Shareholders) as a whole, for reason that the Company is not required to bear any interest costs during the term of the Convertible Note.

2. As regards the Maturity Date

Unless previously converted into Conversion Shares, the outstanding principal amount of the Convertible Note will be automatically redeemed on the Maturity Date of 5 August 2007. Based on the Long Stop Date of the Acquisition Agreement of 15 April 2005 (unless otherwise agreed in writing by the parties to the Acquisition Agreement to be extended) immediately after which the Convertible Note shall fall to be issued by the Company to the Vendor, the Convertible Note has a term to maturity of about 2 years and 4 months (or, say, approximately 2.3 years). By comparison, the average term to maturity of the convertible loan note issues during the Period is approximately 3.3 years.

Based on the foregoing, we noted that the term to maturity of the Convertible Note of approximately 2.3 years is shorter than the average term to maturity of approximately 3.3 years as demonstrated by the convertible loan note issues during the Period. However, we noted that the principal amounts of the convertible loan note issues during the Period range from approximately HK\$3 million to approximately HK\$8 billion. Therefore, from the table of convertible loan note issues during the Period as referred to above, we have identified the following companies which issued convertible loan notes in the principal amounts of between HK\$20 million and HK\$50 million, which we consider are of a size comparable with the principal amount of the Convertible Note of HK\$30 million:

Issuing company	Principal amount of the convertible loan note <i>HK\$ million</i>	Term to maturity <i>years</i>
Softbank Investment International (Strategic) Limited	48	2
Gorient (Holdings) Limited	20	1
Yanion International Holdings Limited	24.9	2
Zhong Hua International Holdings Limited	30	2
<i>Convertible Note</i>	30	2.3

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We noted that with the exception of Gorient (Holdings) Limited, the term to maturity for the remaining three convertible loan note issues as referred to above is 2 years. Therefore, we consider that the term to maturity of the Convertible Note of approximately 2.3 years is comparable with the term to maturity demonstrated by the majority of those convertible loan note issues during the Period whose principal amounts are comparable with the principal amount of the Convertible Note.

3. As regards conversion feature

The holder of the Convertible Note will have the right to convert the whole or any part of the principal amount of the Convertible Note into Conversion Shares, on any Business Day commencing from the date of issue of the Convertible Note up to the Business Day immediately prior to the Maturity Date.

By comparison, we noted that out of the 25 convertible loan note issues during the Period, (i) 6 of them are convertible 1 month after issue date; (ii) 4 of them are convertible 3 months after the issue date; (iii) 3 of them are convertible 6 months after the issue date; (iv) 2 of them are convertible 1 year after the issue date; and (v) 1 of them is convertible only on the maturity date. In other words, the remaining 9 convertible loan note issues, representing 36% of the total number of convertible loan note issues during the Period, are freely convertible at any time during their terms. These remaining 9 convertible loan note issues, which are freely convertible at any time during their terms, are as follows:

Issuing company	Term to maturity years
Softbank Investment International (Strategic) Limited	2
Wing On Travel (Holdings) Limited	3
Gorient (Holdings) Limited	1
NWS Holdings Limited	5
CIG-WH International (Holdings) Limited	1.5
S.A.S. Dragon Holdings Limited	2
Yugang International Limited	3
China Eagle Group Company Limited	3
Dickson Group Holdings Limited	2
Average	2.5

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Based on the foregoing, we noted that these remaining 9 convertible loan note issues, which are freely convertible at any time during their terms, have an average term to maturity of approximately 2.5 years which is comparable with the term to maturity of the Convertible Note of approximately 2.3 years. Based on the foregoing, we consider that the free conversion feature of the Convertible Note at any time during its term is fair and reasonable.

4. As regards transferability

The Convertible Note (in whole or in part) is freely transferable, subject to the holder of the Convertible Note having given prior written notification to the Company of such transfer. By comparison, we also noted that out of the 25 convertible loan note issues during the Period, 16 convertible loan notes (representing 64% of the total number of convertible loan notes during the Period) may be transferable or assignable by the holders thereof to third parties without having to seek the prior written consent of the issuing companies concerned. In this regard, we consider that the Convertible Note has a transferability feature which is comparable with the majority of the convertible loan note issues during the Period.

5. As regards voting and dividend rights

Holder of the Convertible Note shall not be entitled to receive notice of, attend or vote at any meetings of the Company, unless they become beneficial holders of the Conversion Shares falling to be issued upon conversion of part or all of the principal amount of the Convertible Note held by him/her. By comparison, holders of the convertible loan notes issued during the Period do not have any rights as to voting or dividend. We consider that the Convertible Note is comparable with the convertible loan note issues during the Period as regards voting and dividend rights.

6. As regards conversion premium and the dilution effect on Independent Shareholders' beneficial shareholdings in the Company upon full conversion of the Convertible Note

The conversion price of the Convertible Note is HK\$0.129 per Share, which represents a premium of approximately 1.6% to the closing price of the Shares of HK\$0.127 on 14 October 2004 (the "**Last Trading Day**"), being the last trading day of the Shares on the Stock Exchange immediately preceding the date of execution of the Acquisition Agreement. By comparison, the convertible loan notes issued during the Period demonstrate an average conversion premium of approximately 14.5% to the underlying closing share prices of the relevant issuers of the convertible loan notes.

As referred to in the Letter from the Board as set out on pages 5 to 16 of the Circular, (i) Allied Luck Trading Limited is a company wholly owned by Mr. Wong and his associates; (ii) Ace Solomon Investments Limited is a company beneficially owned as to 57% by Mr. Wong and Mr. Kee collectively; (iii) Canasia Profits Corporation is a

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company wholly owned by Mr. Kee; and (iv) Sparkle Power Technology Limited is a company beneficially owned as to 50% by Mr. Ko. Accordingly, as at the Latest Practicable Date, the Independent Shareholders (being Shareholders other than Mr. Wong, Mr. Kee, Mr. Ko and their respective associates, which therefore comprise Shareholders other than Allied Luck Trading Limited, Ace Solomon Investments Limited, Canasia Profits Corporation and Sparkle Power Technology Limited) held an aggregate of 626,736,557 Shares representing approximately 37.7% of the Company's existing issued share capital.

As referred to in the Letter from the Board as set out on pages 5 to 16 of the Circular, an aggregate of 232,558,140 Conversion Shares shall fall to be issued by the Company upon full conversion of the Convertible Note. Such number of 232,558,140 Conversion Shares is determined on the basis that the conversion price of the Convertible Note bears an approximately 1.6% conversion premium to the closing Share price on the Last Trading Day. As referred to above, the Independent Shareholders held an aggregate of 626,736,557 Shares representing approximately 37.7% of the Company's issued share capital as at the Latest Practicable Date. Upon completion of the Acquisition and assuming full conversion of the Convertible Note, the Independent Shareholders would have a resultant beneficial shareholding of approximately 33.07% of the Company's issued share capital as enlarged by the issue and allotment of such 232,558,140 Conversion Shares, or equivalent to a dilution effect of about 12.3%.

On the contrary, if the conversion price per Share of the Convertible Note were to be determined at a level which is comparable with the corresponding conversion premium of approximately 14.5% as demonstrated by the convertible loan note issues during the Period, then the conversion price would have been around HK\$0.145 per Share (based on the closing Share price of HK\$0.127 on the Last Trading Day). Accordingly, an aggregate of approximately 206,896,551 Conversion Shares shall fall to be issued upon full conversion of the Convertible Note. Based on (i) the aggregate beneficial shareholding of 626,736,557 Shares held by the Independent Shareholders representing approximately 37.7% of the Company's issued share capital as at the Latest Practicable Date as referred to above; and (ii) upon completion of the Acquisition and assuming full conversion of the Convertible Note, the Independent Shareholders would have a resultant beneficial shareholding of approximately 33.5% of the Company's issued share capital as enlarged by the issue and allotment of such 206,896,551 Conversion Shares, or equivalent to a dilution effect of about 11.1%.

Therefore, based on a conversion premium of 1.6% and 14.5% to the closing Share price on the Last Trading Day as referred to above, we noted that upon full conversion of the Convertible Note, the dilution effects on the Independent Shareholders' beneficial shareholdings in the Company are approximately 12.3% and 11.1% respectively. In other words, there would only be a marginal difference of about 1.2% in terms of the dilution effects on the Independent Shareholders' beneficial shareholdings in the Company, between the adoption of a lower (1.6%) or a higher (14.5%) conversion premium when determining the conversion price per Share of the Convertible Note. We consider that the

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abovementioned marginal difference does not constitute a significant magnitude giving rise to any material adverse impact on the Independent Shareholders' beneficial shareholdings in the Company.

7. Conclusion

Based on our analyses and evaluation of the terms of the Convertible Note in comparison with the convertible loan note issues during the Period, we are of the view that the terms of the Convertible Note have been determined on a fair and reasonable basis and are in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole.

C. THE DEED OF ADHERENCE

As referred to in the Letter from the Board as set out on pages 5 to 16 of the Circular, upon completion of the Acquisition, the Purchaser shall enter into the Deed of Adherence with the existing shareholders of GCHL. Pursuant to the terms of the Deed of Adherence, the Purchaser covenants to be bound by all the terms of the Shareholders' Agreement entered into among the existing shareholders of GCHL dated 4 October 2004.

1. As regards appointment of director to the board of GCHL

Pursuant to the Shareholders' Agreement, the Vendor shall have the right at any time to sell or transfer up to 90% of the shares of GCHL held by it, from time to time, to the Company or any of its wholly owned subsidiaries. Furthermore, the Shareholders' Agreement provides that for every 11% of the total issued share capital of GCHL sold or transferred by the Vendor to the Company or any of its wholly owned subsidiaries, the Company is entitled to appoint one director of GCHL in place of such director appointed by the Vendor. In this regard, we noted that pursuant to the Acquisition, the Company shall acquire a 20% shareholding in GCHL from the Vendor and under the terms of the Shareholders' Agreement, the Company will have the right to appoint a replacement director to substitute an outgoing director previously appointed by the Vendor to the board of GCHL. We were informed by the Directors that the GCHL board has a total of 5 directors as at the Latest Practicable Date, which means that the Company will have a board representation of 20% in terms of the number of representatives on the GCHL board after completion of the Acquisition. We consider that such a board representation aligns with and reflects the Company's 20% resultant equity shareholding in GCHL upon completion of the Acquisition. Accordingly, we are of the view that the terms of the Shareholders' Agreement are fair and reasonable, insofar as the appointment of replacement directors by the Company to the board of GCHL upon the Vendor's sale of shareholding in GCHL to the Company is concerned.

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As referred to in the Letter from the Board as set out on pages 5 to 16 of the Circular, the Company has stated that upon completion of the Acquisition, the Company shall have the right to request the resignation of one existing director of GCHL nominated by the Vendor and to appoint one person nominated by the Purchaser as new director of GCHL, although the Directors do not have any intention to exercise such right as at the Latest Practicable Date. In view of the fact that pursuant to the Acquisition Agreement, the Company shall, through the Purchaser, acquire the Sale Shares from the Vendor representing 20% of the issued shares of GCHL, the Company has the right to appoint its representative as a director of GCHL in place of an outgoing director nominated by the Vendor to the board of GCHL. We consider that the Company's exercise of such right is in compliance with the terms of the Shareholders' Agreement.

Furthermore, we consider that in the event the working capital of the GCHL Group were to be financed by way of loans from banks or other financial institutions, such financing arrangement shall require the approval of the board of directors of GCHL. By virtue of the Company's representative in the board of GCHL, the Company will have the right to participate in board decisions to approve or reject bank and other borrowings by the GCHL Group, which we consider to be fair and reasonable for the Company.

Based on the foregoing, we consider that the arrangement for the Company to have the right to appoint a representative to the board of GCHL, as well as the right to participate in board decisions of GCHL, to be fair and reasonable and are in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole.

2. Restriction on the disposal of, or the creation of encumbrances on, any shares of GCHL

The Shareholders' Agreement provides that save and except for the Vendor's right at any time to sell or transfer up to 90% of the shares of GCHL held by it, from time to time, to the Company or any of its wholly owned subsidiaries, no shareholder of GCHL shall dispose of or encumber any shares of GCHL without the prior written consent of all the other shareholders of GCHL prior to 8 January 2007.

We consider that this is a fair and reasonable arrangement for the benefit of all the shareholders of GCHL (which includes the Purchaser upon completion of the Acquisition Agreement), for reason that such an arrangement essentially:

- (i) protects each shareholder of GCHL against any threats of dilution of its beneficial shareholding in GCHL, in the event where any shareholder were to be offered the opportunity to freely dispose of its shareholding in GCHL without obtaining the prior written consent from the other shareholders;
- (ii) enforces the pre-emptive rights of each shareholder regarding its beneficial interest in GCHL, and thereby safeguards the investment of each shareholder in GCHL; and

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- (iii) eliminates the possibility of a foreclosure of any GCHL shares by any third party entity, since no shareholder of GCHL is able to dispose of or encumber any shares of GCHL in favour of any third party without the prior written consent of all the other shareholders of GCHL. This arrangement also eliminates the risk of any resultant threats of potential disruptions to the management and operations of the GCHL Group in which the Company will be interested upon completion of the Acquisition,

at least up to 8 January 2007.

We further consider that the abovementioned restriction on the disposal of any GCHL shares by any shareholder thereof (other than the Vendor's right to sell or transfer up to 90% of the shares of GCHL held by it, from time to time, to the Company or any of its wholly owned subsidiaries), unless with the prior written consent of all the other shareholders of GCHL prior to 8 January 2007, essentially limits the trading liquidity of the Company's shareholding in GCHL prior to 8 January 2007. In this regard, we wish to draw the Independent Shareholders' attention to our evaluation of the growth and development prospects of, and hence the economic benefits to the Group arising from, the GCHL Group's business operations as referred to in our discussions in the paragraph headed "Reasons for the Purchaser to enter into the Acquisition Agreement" above which may take place during the course of time up to the aforementioned date of 8 January 2007. Furthermore, as referred to in the Letter from the Board as set out on pages 5 to 16 of the Circular, there is an intention for GCHL to seek public listing which, if it happens, would enable the shares of GCHL to become tradable in the market and hence improves the trading liquidity of the Company's holdings in GCHL shares. Therefore, we consider that the consideration payable for the Acquisition should take into account the abovementioned merits arising from the Company's holdings of GCHL shares, being the growth and development prospects of the GCHL Group, the economic benefits which may be generated by the GCHL Group and the improvement in the trading liquidity of GCHL shares in the event it seeks a public listing. Accordingly, we are of the view that the consideration payable by the Purchaser for the Acquisition should not be discounted from the unaudited net asset value of the GCHL Group attributable to the Sale Shares, solely for reason of the lack of trading liquidity in the GCHL shares at the time of Acquisition.

3. Financing of the working capital of GCHL

Pursuant to the Shareholders' Agreement, the working capital of GCHL and its subsidiaries shall be financed by (i) a pro-rata allotment of shares in GCHL to its shareholders in proportion to their respective beneficial shareholdings in GCHL; or (ii) obtaining loans from banks or other financial institutions.

We consider that the issued shares of GCHL rank *pari passu* with one another, and that all rights, benefits, rewards, liabilities, obligations and risks in respect of the beneficial holding of shares of GCHL shall accrue equally to each shareholder of GCHL. Accordingly, we consider that the financing of the working capital of the GCHL Group by way of a pro-rata allotment of shares in GCHL to its shareholders in proportion to their respective beneficial shareholdings in GCHL, to be a fair and reasonable arrangement.

4. Conclusion

Based on our evaluation of the Deed of Adherence and the Shareholders' Agreement, we are of the view that the terms of the Deed of Adherence and the Shareholders' Agreement are fair and reasonable, and that it is in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole for the Purchaser to enter into the Deed of Adherence.

RECOMMENDATIONS

The Acquisition Agreement

Having considered the principal factors and reasons and the key assumptions adopted by us as referred to in our analyses and evaluation above, we are of the view that although it is not in the ordinary and usual course of business for the Company (through the Purchaser, a wholly owned subsidiary of the Company) to contemplate the Acquisition, the Acquisition nevertheless constitutes a strategic move for the Group to venture into the investment and financial services businesses in Hong Kong and enables the Group to reap the economic benefits which may arise therefrom. We therefore consider that the Acquisition Agreement is in the overall interests of the Company and the Shareholders (including the Independent Shareholders) as a whole. Furthermore, we are of the view that the consideration payable for the Acquisition has been determined on a fair and reasonable basis and, based on the Group's financial position, we consider that it is appropriate and in the best interest of the Company to settle the consideration payable for the Acquisition by way of an issue of the Convertible Note to the Vendor.

The Convertible Note

We consider that the terms of the Convertible Note have been determined on a fair and reasonable basis and are generally in line with the convertible loan note issues during the Period. Although we noted from our evaluation that the conversion price of HK\$0.129 per Share represents a conversion premium of approximately 1.6% over and above the closing Share price on the Last Trading Day which is lower than the average conversion premium of approximately 14.5% as demonstrated by the convertible loan note issues during the Period, we nevertheless noted that upon full conversion of the Convertible Note, the dilution effects on the Independent Shareholders' beneficial shareholdings in the Company would only differ marginally by about 1.2% between the adoption of a lower (1.6%) or a higher (14.5%) conversion premium when determining the conversion price per Share of the Convertible Note. We are of the view that the aforementioned marginal difference in the dilution effects on the Independent Shareholders' beneficial shareholdings in the Company does not constitute a significant magnitude giving rise to any material adverse impact on the Independent Shareholders' beneficial shareholdings in the Company.

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The Deed of Adherence

We noted that under the Deed of Adherence, the Purchaser (who will become a shareholder of GCHL upon completion of the Acquisition) covenants to be bound by all the terms of the Shareholders' Agreement entered into among the existing shareholders of GCHL dated 4 October 2004. We have reviewed the terms of the Shareholders' Agreement and consider that it is fair and reasonable to the Company and the Shareholders (including the Independent Shareholders) as a whole, particularly from the viewpoints of (i) protecting each shareholder of GCHL against any threats of dilution of its beneficial shareholding in GCHL; (ii) enforcing the pre-emptive rights of each shareholder of GCHL and thereby safeguarding the investment of each shareholder in GCHL; and (iii) eliminating the possibility of a foreclosure of any GCHL shares by any third party and hence eliminating the risk of any resultant threats of possible disruptions to the management and operations of the GCHL Group, in which the Company will be interested upon completion of the Acquisition at least up to 8 January 2007. Furthermore, upon completion of the Acquisition, the Company will have the right to appoint a representative to the board of GCHL, as well as the right to participate in board decisions of GCHL. Accordingly, we are of the view that the terms of the Deed of Adherence and the Shareholders' Agreement are fair and reasonable, and that it is in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole for the Purchaser to enter into the Deed of Adherence.

Overall recommendation

Based on the foregoing, we would therefore advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to consider and, if thought fit, approve the Acquisition Agreement (including the issue of the Convertible Note and Conversion Shares and the entering into of the Deed of Adherence by the Purchaser) by way of a poll.

Yours faithfully,
For and on behalf of
SBI E2-CAPITAL (HK) LIMITED
Christopher Wong
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.

Save as above, as at the Latest Practicable Date, there were no outstanding securities, options or warrants which were convertible into new Shares.

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 the Shares*

Name of Director	Nature of interest	Number of Shares	Approximate shareholding percentage
Mr. Wong	Corporate	497,232,000 (<i>Note 1</i>)	29.91%
Mr. Ko	Corporate	65,881,800 (<i>Note 2</i>)	3.96%
Ms. Loh Jiah Yee, Katherine	Corporate	404,770,143 (<i>Note 3</i>)	24.35%
Mr. Kee	Corporate	472,589,643 (<i>Note 4</i>)	28.43%
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, both being Directors), in which Mr. Ko 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 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 133,701,300 Shares by Canasia Profits Corporation (which is wholly owned by Mr. Kee) and 338,888,343 Shares by Ace Solomon Investments Limited, in which Mr. Kee 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	Long position	Corporate	Company	232,558,140 Shares (Note 2)	Completion Date	HK\$0.129 per Share (subject to adjustment)	Completion Date-3 August 2007	10.08%

Notes:

1. The convertible note is held by Wah Link Investments Limited, a company 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.
2. The convertible note will be issued to Goldbond Capital Investment Holdings Limited, a company indirectly owned as to 90% by Mr. Kee and 10% by Mr. Wong, on Completion Date. Mr. Kee is taken to have an interest in the underlying shares under the SFO upon execution of the Acquisition Agreement.
3. Assuming the aforesaid convertible notes but no other option or convertible notes (if any) are being fully exercised.

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, had, or were deemed or taken to have any 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 5% 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 (Note 1)	Corporate	497,232,000	29.91%
Ace Solomon Investments Limited (Note 2)	Corporate	338,888,343	20.39%
Canasia Profits Corporation (Note 3)	Corporate	133,701,300	8.04%
Mr. Wong	Corporate	497,232,000 (Note 4)	29.91%
Mrs. Wong Fang Pik Chun	Corporate	497,232,000 (Note 4)	29.91%
Mr. Kee	Corporate	472,589,643 (Note 5)	28.43%
Ms. Loh Jiah Yee, Katherine	Corporate	404,770,143 (Note 6)	24.35%

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 and 43% by Ms. Loh Jiah Yee, Katherine, all being Directors.
- Canasia Profits Corporation is wholly owned by Mr. Kee.
- Mr. Wong and Mrs. Wong Fang Pik Chun are deemed to be interested in such Shares by virtue of their shareholding interests in Allied Luck Trading Limited.

5. These Shares are held as to 133,701,300 Shares by Canasia Profits Corporation and 338,888,343 Shares by Ace Solomon Investments Limited, in which Mr. Kee is deemed to be interested by virtue of his shareholding interests in Canasia Profits Corporation and Ace Solomon Investments Limited respectively.
6. 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, 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.

(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%
Mr. Wong	Long position	Corporate	Company	411,764,705 Shares (Note 1)	5 August 2004	HK\$0.129 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\$0.129 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\$0.129 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	HK\$0.129 per Share (subject to adjustment)	Completion Date-3 August 2007	10.08%
Mr. Kee	Long position	Corporate	Company	232,558,140 Shares (Note 2)	Completion Date	HK\$0.129 per Share (subject to adjustment)	Completion Date-3 August 2007	10.08%

Notes:

1. The convertible note is held by Wah Link Investments Limited, a company 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 indirectly owned as to 90% by Mr. Kee and 10% by Mr. Wong, on Completion Date. Mr. Kee is taken to have an interest in the underlying shares under the SFO upon execution of the Acquisition Agreement.
3. Assuming the aforesaid convertible notes but no other option or convertible notes (if any) are being fully exercised.

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 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 5% 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 premise. 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.

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.

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 are 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
SBI E2-Capital (HK) Limited	A licensed corporation under the SFO to carry out types 1, 4, 6, and 9 regulated activities

- (b) As at the Latest Practicable Date, SBI E2 did not have any direct or indirect shareholding, direct or indirect, 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) SBI E2 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) SBI E2 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 SBI E2 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 Anthony Chiang & Partners at 3903, Tower 2, Lippo Centre, 89 Queensway, 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 17 of this circular;
- (b) the letter of advice from SBI E2 to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 18 to 39 of this circular;
- (c) the written consent referred to in the section headed “Expert” in paragraph 8 of this appendix; and
- (d) the Acquisition Agreement (including the drafts of the Convertible Note and the Deed of Adherence as annexed thereto).

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 10:00 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 entering into of the sale and purchase agreement dated 15 October 2004 (the “**Acquisition Agreement**”), a copy of which has been produced to the meeting marked “A” and initialled by the Chairman of the meeting for the purpose of identification, made between Goldbond Capital Investment Holdings Limited (the “**Vendor**”), Flourish Global Limited (a wholly owned subsidiary of the Company, the “**Purchaser**”) and the Company whereby the Vendor has agreed to sell and the Purchaser has agreed to purchase 30,000,000 ordinary shares of HK\$1.00 each of Goldbond Capital Holdings Limited (“**GCHL**”) at the consideration of HK\$30,000,000 which shall be satisfied by the issue of convertible note (“**Convertible Note**”) in an aggregate principal amount of HK\$30,000,000 at its face value upon the terms and subject to the conditions therein contained by the Company, and all the transactions contemplated thereunder (including the issue of the Convertible Note to the Vendor, the issue of shares of the Company to be allotted and issued upon conversion of the Convertible Note and the entering into of the deed of adherence with the existing shareholders of GCHL by the Purchaser) be and are hereby approved, confirmed and ratified; and

NOTICE OF EGM

- (b) any one director of the Company be and is hereby authorised to do such acts or execute such other documents by hand or, in case of execution of documents under seal, to do so jointly with either the secretary or a second director of the Company or a person appointed by the board of directors of the Company, which in his or their opinion may be necessary, desirable or expedient to carry out or to give effect to the transactions contemplated under the Acquisition Agreement.”

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

Hong Kong, 11 November 2004

Registered 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 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 were 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.