



GOLDBOND GROUP HOLDINGS LIMITED

金榜集團控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 172)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2004

The board of directors (the "Board") of Goldbond Group Holdings Limited (the "Company") announced that the audited consolidated results of the Company and its subsidiary companies (the "Group") for the year ended 31 March 2004 are as follows:

(Expressed in Hong Kong dollars)

| | Notes | 2004 \$'000 | 2003 \$'000 (restated) |
|--|-------|-------------------|------------------------------|
| Turnover | 1 | 23,392 | 23,175 |
| Direct outgoings | | <u>(629)</u> | <u>(322)</u> |
| | | 22,763 | 22,853 |
| Other revenue | 3 | 1,186 | 2,529 |
| Other net loss | 3 | (1,978) | (2,272) |
| Administrative expenses | | (16,597) | (5,644) |
| Other operating expenses | 5(c) | (1,875) | (2,668) |
| Gain on disposal of an associate | | – | 5,112 |
| Provision for impairment in value of other investments | | – | (60,000) |
| Deficit on revaluation of investment properties reversed/(charged) | 4 | 34,650 | <u>(15,080)</u> |
| Profit/(loss) from operations | | 38,149 | (55,170) |
| Finance costs | 5(a) | (4,324) | (15,792) |
| Share of losses of jointly controlled entities | | (400) | – |
| Profit/(loss) from ordinary activities before taxation | | 33,425 | (70,962) |
| Income tax | 6(a) | (924) | (1,200) |
| Profit/(loss) attributable to shareholders | | 32,501 | <u>(72,162)</u> |
| Earnings/(loss) per share | 7 | | |
| Basic | | 3.85 cents | <u>(14.35) cents</u> |
| Diluted | | 3.79 cents | <u>N/A</u> |

Notes:

1 TURNOVER

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

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

2 SEGMENT REPORTING

The Group's operating results are almost entirely attributable to its property investment activities in Hong Kong. Segment assets and liabilities are based on geographical location of those assets and liabilities. Other than the interests in jointly controlled entities and the investments in the Gobi Fund which are outside Hong Kong, all the Group's assets and liabilities are located in Hong Kong. Accordingly, no segmental analysis is provided.

3 OTHER REVENUE AND OTHER NET LOSS

| | 2004 \$'000 | 2003 \$'000 |
|--|----------------|----------------|
| <i>Other revenue</i> | | |
| Management fee income | 489 | – |
| Interest income | 229 | 1,656 |
| Rentals receivable from other assets, other than those relating to investment properties | 181 | 252 |
| Others | 287 | 621 |
| | <u>1,186</u> | <u>2,529</u> |
| <i>Other net loss</i> | | |
| Net realised and unrealised loss on trading securities carried at fair value | (1,988) | (2,272) |
| Net gain on disposal of a subsidiary | 10 | – |
| | <u>(1,978)</u> | <u>(2,272)</u> |

4 DEFICIT ON REVALUATION OF INVESTMENT PROPERTIES REVERSED/(CHARGED)

Investment properties of the Group situated in Hong Kong were revalued by Chesterton Petty Limited (“Chesterton”), independent professional qualified valuers, who have among their Members of the Hong Kong Institute of Surveyors, on an open market value basis at 31 March 2004. By reference to the revaluation report issued by Chesterton dated 15 June 2004 and the prevailing market conditions, the directors consider that a revaluation surplus of HK\$34,650,000 be reversed to the consolidated profit and loss account (2003: deficit of HK\$15,080,000).

5 PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) from ordinary activities before taxation is arrived at after charging/(crediting):

| | 2004 \$'000 | 2003 \$'000 |
|---|-----------------|-----------------|
| (a) Finance costs: | | |
| Interest on bank loans and other borrowings wholly repayable within five years | 1,821 | 9,652 |
| Interest on bank loans repayable beyond five years | 2,503 | 3,140 |
| Premium paid on redemption of convertible bonds | – | 3,000 |
| | <u>4,324</u> | <u>15,792</u> |
| (b) Staff costs (including directors' remuneration): | | |
| – Salaries, wages and other benefits | 8,101 | 1,257 |
| – Retirement costs | 153 | 16 |
| | <u>8,254</u> | <u>1,273</u> |
| (c) Other operating expenses: | | |
| Provision for bad and doubtful debts | 1,875 | 2,612 |
| Miscellaneous | – | 56 |
| | <u>1,875</u> | <u>2,668</u> |
| (d) Other items: | | |
| Auditors' remuneration | 604 | 390 |
| Depreciation | 119 | 16 |
| Rentals receivable from investment properties less direct outgoings of HK\$629,000 (2003: HK\$322,000) | (22,763) | (22,853) |
| | <u>(22,763)</u> | <u>(22,853)</u> |

6 INCOME TAX

(a) Taxation in the consolidated profit and loss account represents:

| | 2004 \$'000 | 2003 \$'000 (restated) |
|--|-------------------|------------------------------|
| Current tax – Provision for Hong Kong Profits Tax | | |
| Tax for the year | 828 | 1,000 |
| Over-provision in respect of prior years | (202) | - |
| | <u>626</u> | <u>1,000</u> |
| Deferred tax | | |
| Origination and reversal of temporary differences | 209 | 200 |
| Effect of increase in tax rate on deferred tax balances at the beginning of the year | 231 | - |
| | <u>440</u> | <u>200</u> |
| Share of jointly controlled entities' taxation | <u>(142)</u> | <u>-</u> |
| Total income tax expense | <u><u>924</u></u> | <u><u>1,200</u></u> |

Income tax for subsidiaries or jointly controlled entities established and operating in the People's Republic of China other than Hong Kong (the "PRC") is calculated based on the applicable rates of income tax ruling in the relevant provinces in the PRC. The effect of increase in tax rate on the deferred tax balances relates to the anticipated change in the tax rate applicable to certain PRC subsidiaries and jointly controlled entities of the Group according to the expected manner of realisation of the respective temporary differences.

In March 2003, the Hong Kong Government announced an increase in the Profits Tax rate applicable to the Group's operations in Hong Kong from 16% to 17.5%. This increase is taken into account in the preparation of the Group's financial statements for the year ended 31 March 2004. Accordingly, the provision for Hong Kong Profits Tax for the year ended 31 March 2004 is calculated at 17.5% (2003: 16%) of the estimated assessable profits for the year.

(b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

| | 2004 \$'000 | 2003 \$'000 (restated) |
|--|-------------------|------------------------------|
| Profit/(loss) before tax | <u>33,425</u> | <u>(70,962)</u> |
| Notional tax on profit/(loss) before tax, calculated at the rates applicable to profits in the jurisdictions concerned | 5,787 | (11,354) |
| Tax effect of non-deductible expenses | 1,616 | 4,976 |
| Tax effect of non-taxable revenue | (6,746) | (9,464) |
| Tax effect of unused tax losses not recognised | 238 | 17,042 |
| Effect on opening deferred tax balances resulting from an increase in tax rate during the year | 231 | - |
| Over-provision in respect of prior years | (202) | - |
| Actual tax expense | <u><u>924</u></u> | <u><u>1,200</u></u> |

7 EARNINGS/ (LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to shareholders for the year of HK\$32,501,000 (2003 (restated): loss of HK\$72,162,000), and the weighted average of 843,843,000 (2003: 502,959,000) ordinary shares in issue during the year, after adjusting for the effects of the Open Offer Shares and the Consideration Shares during the year. The weighted average number of ordinary shares in issue for the year ended 31 March 2003 was restated because there was share consideration resulting from the Capital Reduction during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of HK\$32,501,000 and weighted average number of 857,547,000 ordinary shares after adjusting for the effects of all dilutive potential ordinary shares for the year ended 31 March 2004.

The exercise of the subscription rights conferred by the redeemable convertible preference shares would not have any dilutive effect on the loss per share for the year ended 31 March 2003.

(c) *Reconciliations*

| | 2004 <i>Number of shares '000</i> |
|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 843,843 |
| Effect of dilutive potential ordinary shares in respect of preference shares | 13,704 |
| | <hr/> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 857,547 |
| | <hr/> <hr/> |

8 CHANGE IN ACCOUNTING POLICY

In prior years, deferred tax liabilities were provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which were expected with reasonable probability to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt. With effect from 1 April 2003, in order to comply with Statement of Standard Accounting Practice 12 (revised) issued by the Hong Kong Society of Accountants, the Group adopted a new policy for deferred tax. As a result of the adoption of this accounting policy, the Group's profit for the year has been decreased by HK\$440,000 (2003: HK\$200,000) and the net assets as at the year end date have been decreased by HK\$2,908,000 (2003: HK\$2,468,000).

The new accounting policy has been adopted retrospectively, with the opening balances of accumulated losses and reserves and the comparative information adjusted for the amounts relating to prior periods.

RESULTS AND DIVIDEND

Turnover of the Group for the year ended 31 March 2004 was approximately HK\$23,392,000 (2003: HK\$23,175,000). The Group recorded a profit attributable to shareholders of approximately HK\$32,501,000 (2003: loss of HK\$72,162,000), which was mainly contributed by the reversal of the deficit on revaluation of the Group's investment properties and operating profit from leasing of the investment properties.

The Board did not recommend the payment of a dividend in respect of the year ended 31 March 2004 (2003: HK\$ nil).

BUSINESS REVIEW

The principal business of the Group is property development and investment and other investments in Hong Kong and the PRC.

Golden Plaza, Hong Kong

During the year under review, the turnover of the Group was mainly contributed by the rental income derived from the Golden Plaza, No. 745-747 Nathan Road, Kowloon. As at 31 March 2004, approximately 77% of the total gross floor area of Golden Plaza has been rented, while the remaining 23% was vacant due to planned renovation programme scheduled to be completed by the end of 2004. The Board expects that the renovation will create a new and modernized outlook and thus increase the rental yield in the coming years.

With the gradual increasing consuming power in Hong Kong and the Individual Visit Scheme implemented by the PRC, Golden Plaza, being an established niche market for wedding and auxiliary businesses, is expected to contribute a satisfactory return to the Group.

Nanjing International Center

In December 2003, the Group entered into a conditional agreement (as supplemented) for the acquisition of a 25% equity interest in Nanjing City Plaza Construction Co., Ltd. at a consideration of HK\$91,000,000, of which HK\$90,000,000 was settled in cash and HK\$1,000,000 was settled by the issue of 5,000,000 new ordinary shares of the Company at HK\$0.20 each (the "Consideration Shares"). The Group also provided a shareholder's loan of HK\$10,000,000 to Nanjing City Plaza Construction Co., Ltd. Its principal asset is a 66.96% equity interest in Nanjing International Group Ltd ("Nanjing International"), a joint stock limited liability company incorporated in the PRC, which holds and develops Nanjing International Center. The Nanjing International Center is planned to be developed in two phases. Phase I is under construction and is expected to be completed by 2006, comprising a shopping mall, a hotel, service apartments, residential units and office premises with a total gross floor area of approximately 228,000 square meters. Phase II is at planning stage, and will be built into a 73-storey building with a total gross floor area of approximately 218,000 square meters, comprising a hotel, service apartments and office premises. The acquisition was completed in February 2004. The superstructure work of the shopping mall of Phase I was already completed in early June 2004. The pre-sale/ lease of Phase I is scheduled to begin in the second half of 2004 while the shopping mall will commence operation in the last quarter of 2005. The Board believes that the investment in the Nanjing International Center will improve the Group's financial performance and broaden its earning bases. The Group is expected to be benefited in terms of dividend income in 2007.

Gobi Fund

In December 2003, the Group entered into a subscription agreement to subscribe for 12 units of the Gobi Fund at a consideration of US\$6,000,000. The target capitalization of the Gobi Fund is US\$75,000,000 divided into 150 units. Gobi Fund, sponsored and managed by Gobi Partners, Inc., is a venture capital fund focusing on early investments in the PRC's digital media business, such as telecommunications, internet and broadcasting. The other strategic subscribers of the Gobi Fund include NTT DoCoMo, Inc., IBM World Trade Corporation and Gobi Partners, Inc.. As at 31 March 2004, the Group has already paid US\$1,500,000 while the balance of consideration will be payable over a period of five years.

The Board believes that the subscription of the Gobi Fund provides an opportunity for the Group to participate in the investments in the fast growing digital media field in the PRC.

Rongzhong

In March 2004, the Group entered into a conditional agreement (as supplemented) for the subscription of 3,725 new shares of Rongzhong Group Limited, representing 37.25% of its issued share capital at a consideration of RMB62,000,000. The Rongzhong companies currently consists of five companies located in Wuhan, Guangzhou, Chongqing, Changsha and Chengdu, which provide loan guarantee services for individuals mainly in relation to six types of products: (1) consumables; (2) educational funds; (3) residential renovations; (4) travels and wedding functions; (5) new and second hand cars; and (6) new and second hand properties. Shareholders approved the subscription and related agreements at the extraordinary general meeting held on 2 June 2004. The completion of the transaction is subject to the fulfillment or, as the case may be, waiver of all conditions precedents as set out in the circular dated 14 May 2004.

The Board considers that the entering into of the subscription agreement as a strategic move for the Group to venture into the PRC loan guarantee industry. In particular the Rongzhong companies mainly engage in the provision of loan guarantee services for consumables. As consumption in the PRC is expected to increase, it will provide an opportunity for the Group to capture the potential growth in this market and therefore the Board considers it to be beneficial to the Group and the shareholders as a whole.

FINANCIAL REVIEW

For the year under review, the Group recorded a profit attributable to shareholders of approximately HK\$32,501,000, which was mainly contributed by the reversal of the deficit on revaluation of the Group's investment properties of HK\$34,650,000 and operating profit from leasing of the investment properties of approximately HK\$4,000,000. As at 31 March 2004, the Group had net assets value of approximately HK\$298,109,000 which represented an increase of approximately HK\$165,086,000 over last year end. Such increase was mainly contributed by the completion of the Open Offer in January 2004, of which the Group raised net proceeds (after deducting expenses) of approximately HK\$131,585,000 and the profit attributable to the shareholders of approximately HK\$32,501,000.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2004, the Group had outstanding borrowings of HK\$202,461,000 comprising secured bank borrowings of HK\$190,765,000 and unsecured loan due to a related company of HK\$11,696,000. The secured bank borrowings bears interest with reference to HIBOR (Hong Kong Interbank Offered Rate) and will be repayable by instalments till 2013. The unsecured loan due to a related company bears interest at 3% and will be repayable within one year. The Group also has a new banking facility of HK\$36,000,000 granted by a bank in Hong Kong which is secured by the pledged deposits of HK\$20,000,000. Such banking facility was not utilized during the year. All of the Group's borrowings are denominated in Hong Kong dollars. The Group maintained an adequate liquidity cash and bank balances of HK\$9,583,000 as at the year end date.

In December 2003, 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 ordinary share held by the shareholders of the Company (the "Open Offer"). The net proceeds of approximately of HK\$131,585,000 had been used as to HK\$100,000,000 for financing the Nanjing Project and the remaining balance as general working capital purposes.

Details of the Open Offer are set on in the circular dated 12 November 2003, the prospectus dated 28 November 2003 and the supplemental prospectus dated 8 December 2003.

The gearing ratio, measured as total liabilities to total assets, decreased from 63.11% (restated) for the year ended 31 March 2003 to 42.62% for the year ended 31 March 2004.

CAPITAL STRUCTURE

As at 31 March 2004, the numbers of issued ordinary shares and preference shares of the Company were 1,662,440,000 and 68,400,000 respectively.

In April 2003, special resolutions were passed at an extraordinary general meeting of the Company to implement a capital reorganisation (the “Capital Reorganisation”) which, in summary, involved the following:

- (a) a reduction of (i) the issued ordinary share capital of the Company of HK\$828,720,000 divided into 3,314,880,000 shares of HK\$0.25 each to HK\$33,148,800 divided into 3,314,880,000 shares of HK\$0.01 each and (ii) the issued preference share capital of HK\$171,000,000 divided into 684,000,000 preference shares of HK\$0.25 each to HK\$6,840,000 divided into 684,000,000 preference shares of HK\$0.01 each (the “Capital Reduction”).

The credit of HK\$959,731,000 resulting from the Capital Reduction of the Company would be set off, to the extent permitted and subject to the conditions imposed by the High Court of Hong Kong Special Administration Region (the “Court”), against the accumulated losses of the Company;

- (b) a sub-division of the authorised but unissued ordinary share of HK\$0.25 each into 25 ordinary shares of HK\$0.01 each (the “Share Sub-division”);
- (c) an increase of the authorised ordinary share capital of the Company to the original amount of HK\$2,500,000,000, by the creation of not less than 79,557,120,000 new ordinary shares of HK\$0.01 each (the “Capital Increase”); and
- (d) the consolidation of 10 ordinary shares of HK\$0.01 each and 10 preference shares of HK\$0.01 each after such Capital Reduction into one new consolidated share of HK\$0.10 (the “Consolidated Shares”) and one new consolidated preference share of HK\$0.10 (the “Consolidated Preference Shares”) respectively (the “Share Consolidation”).

Further details of the Capital Reorganisation are also set out in the circular of the Company dated 19 March 2003.

In June 2003, by an order of the Court (the “Court Order”), the Capital Reduction was confirmed, the Capital Reorganization became effective on 26 June 2003.

During the year, the Company issued and allotted 1,330,952,000 Consolidated Shares, which were attributed to:

1. issuance and allotment of 1,325,952,000 Consolidated Shares pursuant to the Open Offer in December 2003;
2. issuance of 5,000,000 Consolidated Shares being partial consideration for acquisition of the 25% equity interest in Nanjing City Plaza Construction Co., Ltd. in February 2004.

CHARGES ON THE GROUP’S ASSETS

As at 31 March 2004, the general credit banking facilities granted to the Group were secured by:

- (i) a legal charge over the investment properties with an aggregate carrying value of HK\$370,000,000 (2003: HK\$335,000,000);
- (ii) the assignment of the rental income derived therefrom;
- (iii) a share charge of a subsidiary, Perfect Manor Limited;
- (iv) a fixed deposit of HK\$20,000,000 plus accrued interest; and
- (v) subordination of shareholder’s loan of Perfect Manor Limited.

CONTINGENT LIABILITY

At the balance sheet date, there was a contingent liability in respect of a counter guarantee for banking facilities drawn by the Group’s jointly controlled entity amounted to RMB118,000,000.

EMPLOYMENT AND REMUNERATION POLICY

At 31 March 2004, the Group’s total number of staff was 20 (2003:12). The Group remunerates its employees based on their performance, experience and prevailing industry practices. The Group has set up the share option scheme for the purpose of providing incentives to executive directors and employees. There was no share options granted to or exercised by eligible persons during the year under review.

The Group also operates a defined contribution mandatory provident fund retirement benefits scheme in accordance with the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees in Hong Kong.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Stock Exchange during the year ended 31 March 2004, except that the independent non-executive Directors are not appointed on specific terms, but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Association.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group including the review of the financial statements.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE WEBSITE

The Company's annual report containing all the information required by paragraph 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

As at the date of this announcement, the directors of the Company are: Mr. Wong Yu Lung Charles, Mr. Ko Po Ming, Ms. Loh Jiah Yee Katherine, Mr. Lan Ning, Mr. Kee Wah Sze (executive Directors); Mr. Ma Ho Fai and Mr. Zhang Xiao Shu (independent non-executive Directors).

By Order of the Board
Loh Jiah Yee, Katherine
Director

Hong Kong, 8 July 2004

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Goldbond Group Holdings Limited (the “Company”) will be held at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 22 September 2004 at 3:00 p.m. for the following purposes:

1. To receive and approve the audited financial statements and the Reports of the Directors and the Auditors for the year ended 31 March 2004;
2. To re-elect those Directors retiring in accordance with Articles of Association and to authorise the Board of Directors to fix the Directors’ remuneration;
3. To re-appoint KPMG as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration;
4. As special business, to consider and, if thought fit, pass with or without modification(s), the following resolution as Ordinary Resolution:

“THAT:

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with unissued shares of HK\$0.10 each in the capital of the Company, and to make or grant offers, agreements and options (including bonds, warrants and debentures, notes and any other securities which carry rights to subscribe for and are convertible into shares of the Company) which would or might require the exercise of such power, subject to and in accordance with all applicable laws of Hong Kong and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as amended from time to time (“Listing Rules”), be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including bonds, warrants and debentures, notes and any other securities which carry rights to subscribe for and are convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or to be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as hereafter defined); (ii) an issue of shares of the Company upon the exercise of conversion rights under the terms of any warrants, debentures and notes issued by the Company or any securities which are convertible into shares of the Company; (iii) the exercise of any option under the share option scheme of the Company or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company; (iv) an issue of shares of the Company as scrip dividends or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company pursuant to the Articles of Association of the Company from time to time shall not exceed the aggregate of 20% of the aggregate nominal amount of the ordinary share capital of the Company in issue at the date of passing of this Resolution and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and
- (d) for the purpose of this Resolution,

“Relevant Period” means the period from the date of passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; or

- (iii) the date upon which the authority set out in this Resolution is revoked, varied or renewed by way of ordinary resolution of the shareholders in general meeting; and

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company whose names appear on the register of members on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions of obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

5. As special business, to consider and, if thought fit, pass with or without modification(s), the following resolution as Ordinary Resolution:

“**THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Listing Rules as amended from time to time, and all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares to be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the aggregate nominal amount of the shares of the Company in issue at the date of passing of this Resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution, “**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; or
 - (iii) the date upon which the authority set out in this Resolution is revoked, varied or renewed by way of ordinary resolution of the shareholders in general meeting.”

6. As special business, to consider and, if thought fit, pass with or without modification(s), the following resolution as Ordinary Resolution:

“**THAT** subject to the passing of Resolution No. 4 above, the general mandate granted to the Directors to allot, issue and deal with unissued shares pursuant to Resolution No. 4 be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 5, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of this Resolution.”

7. As special business, to consider and, if thought fit, pass with or without modification(s), the following resolution as Ordinary Resolution:

“**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, any shares of the Company which may fall to be issued pursuant to the exercise of any options under the existing share option scheme of the Company adopted on 18 September 2002 and amended on 29 August 2003 (the “Scheme”), the Directors of the Company be and are hereby authorized to grant further options under the Scheme provided that the total number of shares which may be issued upon exercise of options to be granted under the Scheme on or after the date of this Resolution shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution.”

8. As special business, to consider and, if thought fit, pass the following resolution as Special Resolution:

“**THAT** the Articles of Association of the Company be and are amended as follows:

(I) By inserting the following three definitions in Article 1:

“associate” shall have the meaning ascribed to it in the Listing Rules from time to time.

“Listing Rules” means the Rules Governing the Listing of Securities on the SEHK.

“SEHK” means The Stock Exchange of Hong Kong Limited.

(II) By inserting the following new Article 70A after the existing Article 70:

“Where any Member is, under the Listing Rules, required to abstain from voting on a particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”

(III) By deleting the words “not less than seven nor more than fourteen days before the date appointed for the meeting” in Article 119 and adding thereto the following proviso:

“provided that the minimum length of the period, during which such notice is given, shall be at least seven (7) days before the date of the General Meeting and that the period for lodgment of such notice shall commence no earlier than the day after the dispatch of the notice of the General Meeting appointed for such election and end no later than seven (7) days prior to the date of such General Meeting.”

(IV) By deleting the word “Special” and replacing therewith the word “Ordinary” appearing in the first line of Article 122.

(V) By deleting Article 123 in its entirety and substituting the following new Article 123:

“(a) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following namely:

- (i) any contract or arrangement for the giving by the Company or any of its subsidiaries of any security or indemnity to the Director or his associate(s) in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving by the Company or any of its subsidiaries of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement or proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.
- (v) any contract, arrangement or proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or

- (vi) any proposal concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates.
- (b) A company shall be deemed to be a company in which a Director and/or his associate(s) owns five (5) per cent or more if and so long as (but only if and so long as) he and/or his associates (either directly or indirectly) is/are the holder(s) of or beneficially interested in five (5) per cent or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any share held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any share comprised in an authorized unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder.
- (c) Where a company in which a Director and/or his associate(s) holds five (5) per cent or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.
- (d) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.””

By Order of the Board
Goldbond Group Holdings Limited
Li Sang, Edward
Company Secretary

Hong Kong, 8 July 2004

Notes:

1. Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
2. In order to be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time of the Annual General Meeting or any adjournment thereof.
3. In relation to proposed Resolution No. 2 above, Mr. KEE Wah Sze and Ms. LOH Jiah Yee, Katherine will retire from their office of director at the Annual General Meeting pursuant to the Articles of Association and, being eligible, offer themselves for re-election.

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