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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 stockbroker or other registered dealer in securities, 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)*

**DISCLOSEABLE TRANSACTION**

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## DEFINITIONS

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

“Associates”	shall have the same meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday) on which banks are generally open for business in Hong Kong
“Company”	Goldbond Group Holdings Limited, a company duly incorporated under the laws of Hong Kong and the ordinary shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Dragon Express”	Dragon Express Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by the Company
“Gobi Fund”	Gobi Fund, Inc., a company incorporated under the laws of the Cayman Islands on 27 August 2002
“Gobi Partners”	Gobi Partners, Inc., a company incorporated under the British Virgin Islands on 18 January 2002, which is owned equally by Mr. Lau Wai Kit, Mr. Tsao Gai Tei, Thomas, and Mr. Tse Si Chun, Lawrence
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	31 December 2003, 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”	Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Open Offer”	the open offer of the Company to qualifying shareholders on the basis of four new Shares for every existing Share held in the ordinary share capital of the Company at a subscription price of HK\$0.10 per new Share payable in full on acceptance, as more particularised in the circular of the Company dated 12 November 2003
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the ordinary Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 12 units of Gobi Fund for an aggregate consideration of US\$6,000,000 by Dragon Express
“Subscription Agreement”	the subscription agreement dated 11 December 2003 entered into between Dragon Express, Gobi Fund and Gobi Partners in respect of the Subscription
“US”	the United States of America
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	US dollars, the lawful currency of the US

*Translation of US dollars into Hong Kong dollars is based on the exchange rate of US\$1.00: HK\$7.80*

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## LETTER FROM THE BOARD

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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)*

*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 3902A, 39th Floor, Tower 1  
Lippo Centre  
89 Queensway  
Hong Kong

5 January 2004

*Independent non-executive Directors:*

Mr. Ma Ho Fai  
Mr. Zhang Xiao Shu

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION**

#### **INTRODUCTION**

On 15 December 2003, the Board announced that Dragon Express, a wholly owned subsidiary of the Company, entered into the Subscription Agreement with Gobi Fund and Gobi Partners on 11 December 2003 pursuant to which Dragon Express agreed to subscribe for 12 units of Gobi Fund at an aggregate consideration of US\$6,000,000 (equivalent to approximately HK\$46,800,000).

#### **THE SUBSCRIPTION AGREEMENT**

##### **Parties**

*Subscriber* : Dragon Express

*Fund* : Gobi Fund

*Manager* : Gobi Partners

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## LETTER FROM THE BOARD

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### **The Subscription**

Dragon Express agreed to subscribe for 12 units of Gobi Fund.

### **Consideration**

In aggregate US\$6,000,000 (equivalent to approximately HK\$46,800,000), or US\$500,000 (equivalent to approximately HK\$3,900,000) for each unit of Gobi Fund.

### **Payment**

25% of the consideration of US\$6,000,000, being US\$1,500,000 (equivalent to approximately HK\$11,700,000) was paid on 29 December 2003. The balance of the consideration is payable by installments at such time and of such amount as Gobi Partners may in no later than 20 business days after Gobi Partners giving Dragon Express the written notice informing Dragon Express for the purpose of making investment(s) or meeting expenses of Gobi Fund. Dragon Express has been informed by Gobi Partners that it expects the balance of the consideration payable by Dragon Express to be paid over a period of five years, and the next installment of the consideration, which is expected to be approximately US\$350,000 (equivalent to approximately HK\$2,730,000) is expected to be payable by the end of the second quarter of 2004.

The Company intends to utilise internal generated fund or external borrowings to finance the Subscription. The Company has no intention to use any of the proceeds from the Open Offer to finance the Subscription.

### **INFORMATION ON GOBI FUND**

Gobi Fund is a venture capital fund focusing on early stage investments in the PRC's digital media sector, such as telecommunications, internet and broadcasting. Gobi Fund will make privately negotiated equity and equity-related investments primarily in the PRC that are developing and/or applying new technologies within the digital media sector, such as content creation, delivery, access and applications. The target capitalisation of Gobi Fund is US\$75,000,000 (equivalent to approximately HK\$585,000,000) divided into 150 units.

The first round subscription of US\$30,000,000 (equivalent to approximately HK\$234,000,000) has been fully subscribed, and the first installment which represents 25% of the total subscription amount, i.e. US\$7,500,000 (equivalent to approximately HK\$58,500,000) is expected to be due on or around 5 January 2004. The completion of second round subscription of the remaining US\$45,000,000 (equivalent to approximately HK\$351,000,000) is expected to be on or before 31 May 2004. Gobi Fund will still be in operation even if it is under-subscribed and its investment portfolio will then be adjusted according to the availability of fund.

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## LETTER FROM THE BOARD

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As at the date of the Subscription Agreement, strategic subscribers of Gobi Fund include NTT DoCoMo, Inc., IBM World Trade Corporation, Dragon Express and Gobi Partners.

Gobi Fund is sponsored and managed by Gobi Partners, the executives of Gobi Partners were previously employed by a venture capital firm based in the US with more than US\$200,000,000 (equivalent to HK\$1,560,000,000) assets under management in June 2002 focusing on digital media opportunities in the PRC. The management team of Gobi Partners comprises multi-disciplined professionals with extensive experience in investment banking, venture capital, fund management and digital media industry in Asia and the US. Currently, Gobi Fund is the only fund managed by Gobi Partners.

Gobi Fund is also co-sponsored by Tsinghua Venture Capital Co., Ltd., a venture capital arm of Tsinghua University, the PRC. Through strategic partnership, Gobi Fund will gain access to Tsinghua University's extensive network, deal flows and resources. There will not be any capital investment in Gobi Fund by Tsinghua Venture Capital Co., Ltd.

Gobi Partners and Tsinghua Venture Capital Co., Ltd. and their respective shareholders are not connected with the directors, chief executive and substantial shareholders of the Company or its subsidiaries and/or their respective associates.

The board of directors of Gobi Fund will have five directors and the Company is entitled to nominate one of its executives to the board. The Company will safeguard the shareholders' interests by participating in the management of Gobi Fund.

### **FUND POLICY**

Gobi Fund is mainly focused on early stage investments in the PRC's digital media sector. Some areas in the PRC's digital media sectors are subject to foreign investment restrictions. Gobi Fund will invest in areas that are not restrictive on foreign investors. The investment period will be around five years commencing from the final closing date of the second round subscription and each investment by Gobi Fund will be ranging from US\$500,000 to US\$3,000,000 (equivalent to approximately HK\$3,900,000 and HK\$23,400,000 respectively). Gobi Partners is expecting to take an active role in managing the investee companies.

A 2.5% management fee on the total committed subscription will be charged by Gobi Partners per annum. In addition to the management fee, Gobi Fund will pay Gobi Partners a carried interest which is calculated as to 20% on the net profit of Gobi Fund after deducting the subscription amount of all subscribers to Gobi Fund. Apart from that there will not be any other charges by either Gobi Partners or Tsinghua Venture Capital Co., Ltd.

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## LETTER FROM THE BOARD

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Gobi Fund is expected to terminate on the eighth anniversary of the final closing date, which is expected to be on 31 May 2004, being the closing of the second round subscription. Therefore, the Gobi Fund is expected to operate until 31 May 2012 and may be extended by the directors of the fund for up to a maximum of two consecutive one-year periods with the consent of the investors holding not less than 66% of the issued unit.

Gobi Partners will calculate and state in the semi-annual reports to investors the net asset value of Gobi Fund, which shall be the total assets of Gobi Fund less its total liabilities.

Gobi Fund's portfolio investments are expected to mature progressively, and Gobi Partners will identify appropriate opportunities for the partial or full liquidation of investments at any time prior to the end of the charter life of Gobi Fund. Gobi Fund will make distributions to its investors by way of dividends or other means determined by its board of directors. According to the Subscription Agreement, no guarantee return is provided to the shareholders of Gobi Fund.

### REASONS FOR THE SUBSCRIPTION

The Group is principally engaged in property investment and other investments in Hong Kong and the PRC. The audited consolidated net asset value of the Group as at 31 March 2002 and 31 March 2003 were approximately HK\$127,075,000 and HK\$135,491,000 respectively. The audited consolidated net loss of the Group for the two years ended 31 March 2003 were approximately HK\$78,965,000 and HK\$71,962,000 respectively. As set out in the announcement of the Company dated 22 October 2003 in respect of the Open Offer, the Group is aiming to diversify its sources of income and further develop its existing business and the Group has been exploring various business opportunities. The Directors believe that the Subscription provides an opportunity for the Group to participate in the investments in the fast growing digital media field in the PRC especially with investment experts such as Gobi Partners. The Directors believe that the Subscription will improve the Group's financial performance and broaden its earning bases. While investment conditions in the PRC have improved significantly over the past few years, the PRC's entry into the World Trade Organisation will facilitate further open markets for goods and services and provide a clearer legal framework for companies to conduct businesses. This unleashes tremendous investment potential for both domestic and foreign investors. Furthermore, Beijing won the right to host the 2008 Summer Olympics. Determined to put its best face forward, the PRC government has committed US\$36 billion to upgrade Beijing's infrastructure, of which US\$3.6 billion has been earmarked for information technology projects including telecommunications, digital broadcasting, and digital television. The 2008 Summer Olympics is also expected to generate vast revenue in advertising sponsorship that will be aimed at reaching the global audience and Chinese consumers. It is expected that many Chinese digital media companies will be the beneficiaries of these government programmes and additional advertising dollars. Moreover, tapping the expertise of Gobi Partners and the other strategic partners, the Group will be able to better capture the emerging opportunities in the PRC, being one of the world's fastest growing markets.



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## LETTER FROM THE BOARD

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### GENERAL

The Subscription constitutes a discloseable transaction for the Company under the Listing Rules.

The Directors consider that the Subscription Agreement is entered into on normal commercial terms and in the ordinary and usual course of business of the Group and that the terms of the Subscription Agreement are fair and reasonable and in the interest of the Company in so far the Shareholders as a whole are concerned.

### ADDITIONAL INFORMATION

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

By Order of the Board  
**Goldbond Group Holdings Limited**  
**Lam Kwok Wah**  
*Company Secretary*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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, opinions expressed in the 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 herein misleading.

## 2. DISCLOSURE OF INTERESTS

### (i) Directors

As at the Latest Practicable Date, the interests or short positions of each Director and the chief executive in the shares, underlying shares or debentures of the Company or any associated corporation (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 are taken or deemed to have under such provision of the SFO); or (b) were required to pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) were required to 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:

<b>Directors</b>	<b>Number of Shares</b>
Mr. Wong Yu Lung, Charles	497,232,000 <i>(Note 1)</i>
Mr. Ko Po Ming	65,881,800 <i>(Note 2)</i>
Ms. Loh Jiah Yee, Katherine	404,766,843 <i>(Note 3)</i>
Mr. Kee Wah Sze	472,586,343 <i>(Note 4)</i>

*Notes:*

- These Shares are held as to 497,232,000 Shares by Allied Luck Trading Limited, in which Mr. Wong Yu Lung, Charles is deemed to be interested by virtue of his shareholding interests in Allied Luck.
- These Shares are held by Sparkle Power Technology Limited, in which Mr. Ko Po Ming is deemed to be interested by virtue of his shareholding interests in Sparkle Power Technology Limited.
- These Shares are held as to 65,881,800 Shares by Sparkle Power Technology Limited and as to 338,885,043 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.
- These Shares are held as to 133,701,300 Shares by Canasia Profits Corporation and as to 338,885,043 Shares by Ace Solomon Investments Limited, in which Mr. Kee Wah Sze is deemed to be interested by virtue of his shareholding interests in Canasia Profits Corporation and Ace Solomon Investments Limited respectively.

Save as disclosed in this circular, as at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors and the chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (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.

**(ii) Substantial Shareholders**

As at the Latest Practicable Date, so far as is known to the Directors, the following parties, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provision of the Divisions 2 and 3 of Part XV of the SFO, or who was 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 the Company:

<b>Name</b>	<b>Number of ordinary Shares</b>	<b>Approximate Percentage</b>
Allied Luck Trading Limited	497,232,000	30.00%
Ace Solomon Investments Limited	338,885,043	20.45%
Canasia Profits Corporation	133,701,300	8.07%

As far as the Directors are aware, save as disclosed herein, no other person was directly or indirectly beneficially 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 the Company as at the Latest Practicable Date.

The Company had, between 1 March 2003 and 31 August 2003, leased a property for use as its office. The Company has since moved to and, pursuant to a tenancy agreement dated 30 July 2003, leased its current premise. Both of the above properties are owned by a company that is beneficially owned by Mrs. Wong Fang Pik Chun, the spouse of Mr. Wong Yu Lung, Charles, and a close relative of Mr. Wong.

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

**3. 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).

**4. LITIGATION**

So far as the Directors are aware, as at the Latest Practicable Date, neither the Company nor any 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.

**5. GENERAL**

- a) The secretary of the Company is Mr. Lam Kwok Wah, *AHKSA, AICPA*.
- b) The Company's head office and principal place of business is at Unit 3902A, 39th Floor, Tower 1, Lippo Centre, 89 Queensway, Hong Kong.
- c) The English text of this circular shall prevail over the Chinese text.