

Goldbond Group Holdings Limited

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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

The Board is pleased to announce that, on 11 December 2003, Dragon Express, a wholly owned subsidiary of the Company, entered into the Subscription Agreement pursuant to which Dragon Express agreed to subscribe for 12 units of Gobi Fund at a consideration of US\$6,000,000 (equivalent to approximately HK\$46,800,000).

Gobi Fund is a venture capital fund sponsored and managed by Gobi Partners, and mainly focuses on early stage investments in the PRC's digital media sector, such as telecommunications, internet and broadcasting. Gobi Fund is also co-sponsored by Tsinghua Venture Capital Co., Ltd., a venture capital arm of Tsinghua University, the PRC.

The target capitalisation of Gobi Fund is US\$75,000,000 (equivalent to approximately HK\$585,000,000) or 150 units. The first round subscription of US\$30,000,000 (equivalent to HK\$234,000,000) has been fully subscribed. 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. Investment activities will commence right after the closing of the first round subscription. The second round subscription of remaining US\$45,000,000 (equivalent to

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HK\$351,000,000) or 90 units is expected to fall between 24 December 2003 to 31 May 2004.

The Subscription constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, inter alia, information on the Subscription Agreement will be despatched to the Shareholders as soon as practicable.

THE SUBSCRIPTION AGREEMENT

Parties

Subscriber : Dragon Express

Fund : Gobi Fund

Manager : Gobi Partners

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 in the amount of US\$1,500,000 (equivalent to approximately HK\$11,700,000) will be paid on or before 23 December 2003. The balance of the consideration is payable by installments at such time and of such amount as Gobi Partners may by no later than 20 business days written notice, inform Dragon Express for the purpose of making investment 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 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 through external borrowings to finance the Subscription. The Company has no intention to use any proceeds from the Open Offer to finance the Subscription.

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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) or 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 will be due on 23 December 2003 which represents 25% of the total subscription amount i.e. US\$7,500,000 (equivalent to approximately HK\$58,500,000). The second round subscription of the remaining US\$45,000,000 (equivalent to approximately HK\$351,000,000) is expected to fall between 24 December 2003 to 31 May 2004. Gobi Fund will still be in operation if it is under-subscribed and its investment portfolio will be adjusted according to the availability of fund.

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) 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 the strategic partnership, Gobi Fund will gain access to Tsinghua University's extensive network, deal flow 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.

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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 investment's 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 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.

Gobi Fund is expected to terminate on the eighth anniversary of the final closing date, but 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 assets of Gobi Fund less its 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 each investor 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.

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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 is 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 the Subscription will improve the Group's financial performance and broaden its earning bases. While investment conditions in China have improved significantly over the past few years, China's entry into the World Trade Organisation will help further open markets for goods and services and provide a clearer legal framework for companies to conduct business. This unleashes tremendous investment potential both for domestic and foreign investors. Beijing won the right to host the 2008 Summer Olympics. Determined to put its best face forward, China is committing US\$36 billion to upgrade Beijing's infrastructure, of which US\$3.6 billion earmarked for information technology projects including telecommunications, digital broadcasting, and digital television. The 2008 Olympics is also expected to generate billions in advertising sponsorship that will be aimed at reaching the global audience and Chinese consumers. Many Chinese digital media companies will be the beneficiaries of these government programme 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 greatest growth markets.

GENERAL

The Subscription constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, inter alia, information on the Subscription will be despatched to the Shareholders as soon as practicable.

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DEFINITIONS

As used in this announcement, the following words and phrases have the same meanings assigned:

“associates”	shall have the same meaning as defined in the Listing Rules
“Board”	the board of Directors
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Open Offer”	the open offer of the Company to qualifying shareholders of 1,325,952,000 offer shares on the basis of four offer shares for every existing share held in the ordinary share capital of the Company at a subscription price of HK\$0.10 per offer 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

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“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 a consideration of US\$6,000,000 by the Company
“Subscription Agreement”	the subscription agreement dated 11 December 2003 entered into between the Company, Gobi Fund and Gobi Partners in respect of the Subscription
“US”	the United States of America
“US\$”	US dollars, the lawful currency of the US

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

Hong Kong, 15 December 2003

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

Please also refer to the published version of this announcement in The Standard dated on 16-12-2003.