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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)*

### MAJOR TRANSACTION ACQUISITION OF 25% INTEREST IN NANJING CITY PLAZA CONSTRUCTION CO., LTD. AND RESUMPTION OF TRADING

**Financial adviser to the Company**



### **Goldbond Capital (Asia) Limited**

The Board announces that, on 1 December 2003, Sino Dynasty, a wholly owned subsidiary of the Company, amongst others, entered into the conditional S&P Agreement pursuant to which (i) Sino Dynasty agreed to purchase the SD Sale Interest of 25% interest in Nanjing City Plaza for SD Consideration of HK\$91,000,000 to be satisfied as to HK\$90,000,000 in cash and as to HK\$1,000,000 by the issue of the 5,000,000 Consideration Shares to be issued by the Company in favour of the Vendor; (ii) Wah Link, a company beneficially owned as to 51% by a family member of Mr. Wong and 49% by Mrs. Wong, agreed to purchase the WL Sale Interest of 25% interest in Nanjing City Plaza for WL Consideration of HK\$91,000,000 in cash; (iii) Wah Link has upon the execution of the S&P Agreement paid a deposit of HK\$100,000,000 and Sino Dynasty shall pay the SD Consideration and deliver the Consideration Shares on Completion; and (iv) should Sino Dynasty be unable to proceed with Completion, Wah Link shall proceed to complete the acquisition of the entire Sale Interest of 50% interest in Nanjing City Plaza. Should Wah Link be unable to proceed with the Completion, Sino Dynasty is still obliged to complete the Proposed Acquisition under the S&P Agreement.

Nanjing City Plaza is a sino-foreign joint venture company incorporated in the PRC. The principal asset of Nanjing City Plaza is a 51% equity interest in Nanjing International, a joint stock limited liability company incorporated in the PRC, which is principally engaged in property development in Nanjing, the PRC.

The Vendor is an independent third party not connected with the Company, the directors, chief executive, substantial shareholders of the Company or its subsidiaries or their respective associates. The Directors consider that the Proposed Acquisition is in the interest of the Company and that the terms of the S&P Agreement are fair and reasonable so far as the Shareholders are concerned.

The Proposed Acquisition constitutes a major transaction for the Company under the Listing Rules and is subject to the approval of the Shareholders at the EGM. A circular containing, inter alia, information on the Proposed Acquisition and a notice to convene the EGM, will be despatched to the Shareholders as soon as practicable. Mr. Wong has represented to the Board that he and his associates shall abstain from voting at the EGM.

At the request of the Company, trading in the Shares has been suspended with effect from 10:17 a.m. on 1 December 2003 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption in the trading of the Shares with effect from 9:30 a.m. on 4 December 2003.

### THE S&P AGREEMENT

For the sake of simplicity and to ensure that most of the terms and conditions are the same for Sino Dynasty and Wah Link, Sino Dynasty and Wah Link entered into the S&P Agreement with the Vendor instead of two separate agreements.

**Parties**

*Purchasers* : Sino Dynasty and Wah Link

*Vendor* : Y&W Holdings Limited, a limited liability company incorporated in the British Virgin Islands, which is beneficially wholly owned by Mr. Wang Boyang, an independent third party not connected with the Company, the directors, chief executive, substantial shareholders of the Company or its subsidiaries or their respective associates

*Warrantors* : Mr. Wang Boyang, who is the sole shareholder of the Vendor, and the Vendor

The Vendor was introduced to the Purchasers by a common social contact, who is an independent third party not connected with the Company, the directors, chief executive, substantial shareholders of the Company or its subsidiaries or their respective associates.

### Assets to be acquired

The SD Sale Interest of 25% interest in Nanjing City Plaza to be acquired by Sino Dynasty and the WL Sale Interest of another 25% interest in Nanjing City Plaza to be acquired by Wah Link. The acquisitions of the SD Sale Interest by Sino Dynasty and the WL Sale Interest by Wah Link are not inter-conditional.

Should Sino Dynasty be unable to proceed with Completion, Wah Link shall proceed to complete the sale and purchase of the entire Sale Interest of the 50% interest in Nanjing City Plaza. Should Wah Link be unable to proceed with the Completion, Sino Dynasty is still obliged to complete the Proposed Acquisition under the S&P Agreement.

### Consideration

#### *Payable by Sino Dynasty*

HK\$91,000,000 to be satisfied as to HK\$90,000,000 in cash payable at Completion and as to HK\$1,000,000 by the issue of the Consideration Shares of 5,000,000 new Shares to be issued by the Company, at an issue price of HK\$0.20 each, in favour of the Vendor or its nominee(s) at Completion. The Consideration Shares will be issued pursuant to the general mandate granted by the Shareholders to the Directors on 28 November 2003. No deposit has been paid and is required to be paid by Sino Dynasty before the Completion in accordance with the S&P Agreement.

The issue price of the Consideration Shares of HK\$0.20 each is determined with reference to the closing price of the Shares of HK\$0.20 on 28 November 2003, which represents approximately 17.6% premium on the average closing price of the Shares of approximately HK\$0.17 for the last 10 trading days from 28 November 2003.

The Consideration Shares to be issued represents approximately 1.51% and approximately 1.49% of the existing and the enlarged issued share capital (without taking into account the new Shares to be issued under the Open Offer) of the Company respectively. By taking into account the new Shares to be issued under the Open Offer, the Consideration Shares to be issued represents approximately 0.30% of the enlarged share capital of the Company immediately after the completion of the Open Offer.

The Consideration was arrived at after arm's length negotiation between the Company and the Vendor with reference to the proforma audited net asset value as at 31 December 2001 and 2002 of Nanjing City Plaza and its subsidiaries of approximately RMB296,675,000 (equivalent to approximately HK\$279,882,000) and RMB292,787,000 (equivalent to approximately HK\$276,214,000), respectively. The Directors has also taken into account the growth potential of the Nanjing Project under development by Nanjing International for the premium of approximately HK\$21,946,000 (based on the proforma audited net asset value as at 31 December 2002). The payment of the entire cash portion of the SD Consideration of HK\$90,000,000 is to be funded by the proceeds from the Open Offer, which are expected to be not less than HK\$130,000,000.

#### *Payable by Wah Link*

HK\$91,000,000 to be satisfied in cash payable at Completion, deductible from the Deposit of HK\$100,000,000 paid at the execution of the S&P Agreement, the remaining portion of HK\$9,000,000 will be used for the partial payment of a shareholder's loan amounting HK\$10,000,000 to be advanced by Wah Link on Completion.

*Deposit*

Wah Link has paid a deposit of HK\$100,000,000 upon the execution of the S&P Agreement.

Sino Dynasty has not paid and is not required to pay any deposit before the Completion in accordance with the S&P Agreement.

**Shareholders' loans**

In order to ensure sufficient working capital for Nanjing International to develop and complete the Nanjing Project, each of Sino Dynasty, Wah Link, and the Vendor shall upon Completion advance a shareholder's loan, with an annual interest rate of 2% above the best lending rate offered by The Hongkong and Shanghai Banking Corporation Limited, in favour of Nanjing City Plaza in the following respective sums:

- (a) Vendor : HK\$150,000,000
- (b) Sino Dynasty : HK\$10,000,000
- (c) Wah Link : HK\$10,000,000

The above terms in respect of the shareholders' loans are agreed among the parties to the S&P Agreement and are also included in the S&P Agreement.

The shareholders' loans shall be used by Nanjing City Plaza solely for the purpose of subscribing for New Nanjing International Shares at the subscription price of RMB1.60, which was approved at a special general meeting of Nanjing International held on 26 November 2003, pursuant to which (i) all shareholders of Nanjing International have the rights to subscribe the New Nanjing International Shares in proportion to their respective shareholding in Nanjing International; and (ii) Nanjing City Plaza undertakes to underwrite the New Nanjing International Shares should the other shareholders not proceed to subscribe the New Nanjing International Shares. The subscription price was determined with reference to the net asset value per share as at 31 August 2003 of Nanjing International of approximately RMB2.45. Should all of the other shareholders of Nanjing International not proceed to subscribe the New Nanjing International Shares, the shareholding interest of Nanjing City Plaza in Nanjing International would be increased from 51.0% to approximately 64.2% upon the completion of the subscription of the New Nanjing International Shares. Accordingly, the respective beneficial interest of the Vendor, Sino Dynasty and Wah Link before and after the subscription of the New Nanjing International Shares will be as follows:

	<b>Before the subscription of the New Nanjing International Shares</b>	<b>After the subscription of the New Nanjing International Shares (assuming that Nanjing City Plaza has to fulfil its underwriting obligations in full)</b>
	% of beneficial interest	% of beneficial interest
The Vendor	25.50%	32.10%
Sino Dynasty	12.75%	16.05%
Wah Link	12.75%	16.05%
Total	51.00%	64.20%

The management of the Nanjing International currently plans to use the proceeds solely for the development of the Nanjing Project.

**Conditions of the S&P Agreement**

The Company has conducted due diligence on legal, financial and business aspects of the Nanjing City Plaza and Nanjing International and the results of which, subject to the fulfilment of the Conditions, are satisfactory and acceptable to the Company. The Proposed Acquisition is conditional upon, among other things, the following occur on or before 31 January 2004 or such other date as the parties of the S&P Agreement may otherwise agree:-

- (a) the passing by the Shareholders of an ordinary resolution at the EGM to approve the Proposed Acquisition;
- (b) the Open Offer having been fully completed in accordance with its terms;
- (c) the Purchasers being satisfied that due approval has been obtained from the PRC Authorities in relation to the transfer of the Sale Interest from the Vendor to the Purchasers;
- (d) all amendments to the joint venture contract relating to Nanjing City Plaza that are necessary to give effect to the transfers of the Sale Interest or otherwise to confer onto the Purchasers the respective rights and benefits that are enjoyed by the Vendor by virtue of its holding of the Sale Interest in Nanjing City Plaza as at the date of the S&P Agreement;
- (e) all amendments to the articles of Nanjing City Plaza that are necessary to give effect to the transfer of the Sale Interest or otherwise to confer onto the Purchasers the respective rights and benefits that are enjoyed by the Vendor by virtue of its holding of the Sale Interest in Nanjing City Plaza as at the date of the S&P Agreement;

- (f) all consents, approvals, permits and authorisations, that the Company in its absolute discretion may consider necessary pursuant to applicable laws, regulations or rules (including but not limited to the Listing Rules and the Takeovers Code) for the execution, implementation and completion of the S&P Agreement, having been obtained and all such consents, approvals, permits and authorisations not having been revoked or withdrawn at any time up to and including Completion; and
- (g) all consents, approvals, permits and authorisations, that Wah Link in its absolute discretion may consider necessary pursuant to applicable laws, regulations or rules (including but not limited to the Listing Rules and the Takeovers Code) for the execution, implementation and completion of the S&P Agreement, having been obtained, and all such consents, approvals, permits and authorisations not having been revoked or withdrawn at any time up to and including Completion.

If any one or more of the Conditions set out in the S&P Agreement have not been fulfilled on or before 5:00 p.m. on the Conditions Fulfilment Date, each of Wah Link and Sino Dynasty may at its option (but not an obligation and without prejudice to any other right or remedy it may have) by notice to the Warrantors elect to:–

- (a) waive any of the Conditions set out in the S&P Agreement and proceed to Completion;
- (b) postpone Completion to a date (being a Business Day) to be agreed by the Purchasers and the Vendor or failing agreement the 30th day after the Conditions Fulfilment Date; or
- (c) rescind the S&P Agreement in which case the S&P Agreement shall be null and void and no party shall have any claim against the other hereunder save and except in respect of any prior breach of the S&P Agreement.

Should item (f) of the conditions above not being fulfilled and Sino Dynasty not to proceed to Completion, Wah Link will still proceed to Completion; and should item (g) of the conditions above not being fulfilled and Wah Link not to proceed to Completion, Sino Dynasty will still proceed to Completion.

#### **Completion**

Completion shall take place on the third Business Day after the satisfaction (or, if appropriate, the waiver) of the Condition, which shall not be later than 31 January 2004 or on such later date as the parties to the S&P Agreement may agree in writing.

#### **INFORMATION ON NANJING CITY PLAZA AND NANJING INTERNATIONAL**

Nanjing City Plaza is a sino-foreign equity joint venture company incorporated in the PRC on 4 December 1992, its registered capital amounted to US\$10,000,000 which is owned as to 98% by the Vendor and as to the remaining 2% by 珠海經濟特區南華有限公司 (Zhuhai Special Economic Region South China Limited). The Vendor is an independent third party not connected with the Company, the directors, chief executive, substantial shareholders of the Company or its subsidiaries or their respective associates.

The principal asset of Nanjing City Plaza is a 51% equity interest in Nanjing International, a joint stock limited liability company incorporated in the PRC, which is principally engaged in property development in Nanjing, the PRC. Nanjing International has a fully paid registered capital of RMB271,237,500 (equivalent to approximately HK\$255,884,000) divided into 271,237,500 shares of RMB1.00 each. Nanjing International has been developing a property project in Nanjing, the PRC, namely 南京國際商城項目 (World Trade and Exhibition Centre (Nanjing)) which is situated at 中國南京鼓樓區中央門街道童家巷(北)、中央路(西) (Tongjia Avenue (North) Zhongyanlu (West) Zhongyanmen Jiedao, Gulou District, Nanjing, the PRC) with a site area of approximately 35,422 sq.m.. Land use right of the Nanjing Project has a term of 50 years commenced from 19 October 1993 to 18 October 2043. The land premium of the Nanjing Project has been duly paid by Nanjing International. A property valuation report to be issued by an independent valuer will be included in the circular of the Proposed Acquisition to be despatched to the Shareholders as soon as practicable.

The Nanjing Project is planned to be developed by two phases. Phase I of the Nanjing Project is under construction and is expected to be completed in 2006, which will comprise a commercial centre, service apartments and office premises, with a total gross floor area of about 213,617 sq.m.. Phase II of the Nanjing Project is in a planning stage. Phase II plans to build a 68-floor commercial building with a total gross floor area of about 158,025 sq.m., comprising a hotel and office premises.

According to the management of Nanjing International, the total investment of the Phase I of the Nanjing Project is estimated to be approximately RMB1,473,500,000 (equivalent to approximately HK\$1,390,094,000), of which approximately RMB357,910,000 (equivalent to approximately HK\$337,651,000) has been paid upto the date of the S&P Agreement and the remaining portion of approximately RMB1,115,590,000 (equivalent to approximately HK\$1,052,443,000) is expected to be funded by the proceeds from the subscription of the New Nanjing International Shares by Nanjing City Plaza, sale proceeds from the pre-sale units of the Phase I of the Nanjing Project and external financing to be arranged by Nanjing International. The Phase II of the Nanjing Project is in a planning stage, the management of Nanjing International estimates that the total investment of the Phase II will be approximately RMB1,500,000,000, which is expected to be funded mainly by the sales proceeds to be generated from the sale of the units of the Phase I and, if required, external financing to be arranged by Nanjing International.

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According to the PRC audited accounts of Nanjing International, the audited net asset value of Nanjing International as at 31 December 2001 and 2002 under PRC GAAP were approximately RMB671,007,000 (equivalent to approximately HK\$633,025,000) and RMB665,482,000 (equivalent to approximately HK\$627,813,000) respectively. The audited net loss for the two years ended 31 December 2002 under the PRC GAAP were approximately RMB1,130,000 (equivalent to approximately HK\$1,066,000) and RMB5,524,000 (equivalent to approximately HK\$5,211,000) respectively.

### REASONS FOR THE PROPOSED ACQUISITION

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 Proposed Acquisition would improve the Group's financial performance and broaden its earning bases.

The Directors consider that the terms and conditions of the S&P Agreement are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

### GENERAL

The Proposed Acquisition constitutes a major and share transaction for the Company under the Listing Rules and the Directors have resolved to convene the EGM to consider and to approve the Proposed Acquisition. A circular containing, inter alia, information on the Proposed Acquisition and a notice to convene the EGM, will be despatched to the Shareholders as soon as practicable. Mr. Wong has represented to the Board that he and his associates shall abstain from voting at the EGM.

At the request of the Company, trading in the Shares has been suspended with effect from 10:17 a.m. on 1 December 2003 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 4 December 2003.

### 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
"Business Day"	a day (excluding Saturdays) 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
"Completion"	completion of the sale and purchase of the Sale Interest
"Conditions"	the conditions precedent of Completion
"Conditions Fulfilment Date"	means the date on which the Conditions are fulfilled but in any event no later than 31 January 2004 or such other later date as the Purchasers and the Vendor may agree in writing
"Consideration"	the WL Consideration and the SD Consideration
"Consideration Shares"	5,000,000 Shares to be issued by the Company in favour of the Vendor pursuant to the S&P Agreement
"Deposit"	the sum of HK\$100,000,000, being the refundable deposit payable by Wah Link pursuant to the S&P Agreement
"Director(s)"	the director(s) of the Company, including the independent non-executive Directors
"EGM"	as far as the Company is concerned, the extraordinary general meeting of the Company to be convened to approve the S&P Agreement and the transactions contemplated thereunder
"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

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“Mr. Wong”	Mr. Wong Yu Long, Charles, an executive Director and a substantial Shareholder, beneficially owns a 50% interest in Allied Luck Trading Limited, a company incorporated in the British Virgin Islands with limited liability which is holding approximately 11.34% of the Company’s issued ordinary share capital as at the date of this announcement. The remaining portion of 50% interest in Allied Luck Trading Limited is owned by Mrs. Wong.
“Mrs. Wong”	Mrs. Wong Fan Pik Chun, the spouse of Mr. Wong
“Nanjing City Plaza”	南京國際商城建設有限公司 (Nanjing City Plaza Construction Co., Ltd.), a sino-equity joint venture duly established in accordance with the laws of the PRC having a registered capital of US10,000,000, which is owned as to 98% by the Vendor and as to the remaining 2% by 珠海經濟特區南華有限公司 (Zhuhai Special Economic Region South China Limited), an independent third party not connected with the Company, the directors, chief executive, substantial shareholders of the Company or its subsidiaries or their respective associates
“Nanjing International”	a joint stock limited liability company incorporated under the laws of the PRC having a registered capital of RMB271,237,500 with 51% of the entire equity interest beneficially owned by Nanjing City Plaza and the remaining 49% equity interest beneficially owned by various shareholders which are independent third parties not connected with the Company, the directors, chief executive, substantial shareholders of the Company or its subsidiaries or their respective associates
“Nanjing Project”	南京國際商城一期項目 (World Trade and Exhibition Centre (Nanjing) Phase I Project) and 南京國際商城二期項目 (World Trade and Exhibition Centre (Nanjing) Phase II Project)
“New Nanjing International Shares”	100,000,000 new shares of par value RMB1.00 each in Nanjing International to be subscribed by Nanjing City Plaza at subscription price of RMB1.60 each pursuant to the S&P Agreement
“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 shares 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
“PRC Authorities”	南京市對外貿易經濟委員會 (the Nanjing Municipal Foreign Trade and Economic Commission) or such other PRC government or regulatory body as may be appropriate for the purposes of obtaining the approvals
“PRC GAAP”	generally accepted accounting principles in the PRC
“Proposed Acquisition”	the proposed acquisition of the SD Sale Interest and WL Sale Interest by Sino Dynasty and Wah Link respectively from the Vendor pursuant to the S&P Agreement
“Purchasers”	Sino Dynasty and Wah Link
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the SD Sale Interest and the WL Sale Interest
“SD Consideration”	the sum of HK\$91,000,000, being the consideration payable by Sino Dynasty to Vendor for the acquisition of the SD Sale Interest subject to the terms of the S&P Agreement which is to be satisfied as to HK\$90,000,000 in cash and as to HK\$1,000,000 by the issue of the 5,000,000 Consideration Shares to be issued by the Company
“SD Sale Interest”	a 25% interest in the registered capital of Nanjing City Plaza as at Completion, to be acquired by Sino Dynasty subject to and pursuant to the terms of the S&P Agreement
“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
“Sino Dynasty”	Sino Dynasty Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is beneficially wholly owned by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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“S&P Agreement”	the conditional sale and purchase agreement dated 1 December 2003 entered into between the Purchasers, the Vendor and Mr. Wang Boyang in respect of the Proposed Acquisition, as supplemented by the supplemental agreements dated 1 December 2003 and as of 3 December 2003.
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“US\$”	US dollars, the lawful currency of the United States of America
“Vendor”	Y&W Holdings Limited, a limited company incorporated in the British Virgin Islands which is beneficially wholly owned by Mr. Wang Boyang and an independent third party not connected with the Company, the directors, chief executive, substantial shareholders of the Company or its subsidiaries or their respective associates
“Wah Link”	Wah Link Real Estate Investments Limited, a company incorporated in Hong Kong with limited liability, which is beneficially owned as to 51% by a family member of Mr. Wong and 49% by Mrs. Wong
“WL Consideration”	the sum of HK\$91,000,000, being the consideration payable in cash by Wah Link to Vendor for the acquisition of the WL Sale Interest subject to the terms of the S&P Agreement
“WL Sale Interest”	a 25% interest in the registered capital of Nanjing City Plaza as at Completion, to be acquired by Wah Link subject to and pursuant to the terms of the S&P Agreement
“sq.m.”	square metres

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

Hong Kong, 3 December 2003

*Translation of Renminbi into Hong Kong dollars is based on the exchange rate of HK\$1.00 = RMB1.06.*

Please also refer to the published version of this announcement in The Standard dated on 04-12-2003.