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GOLDBOND GROUP HOLDINGS LIMITED

金榜集團控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 172)

DISCLOSEABLE AND CONNECTED TRANSACTIONS AND RESUMPTION OF TRADING

Financial adviser



THE LOAN AGREEMENT

On 15 August 2007, Perfect Honour, a wholly-owned subsidiary of the Company, entered into the Loan Agreement with Rongzhong BVI, a 51% subsidiary of the Company, pursuant to which Perfect Honour has conditionally agreed to make available a revolving loan facility of up to HK\$500 million to Rongzhong BVI as general working capital of the Rongzhong Group.

THE S&P AGREEMENT

On 15 August 2007, Perfect Honour entered into the S&P Agreement with Yong Hua, pursuant to which Perfect Honour has conditionally agreed to acquire, and Yong Hua has conditionally agreed to sell, the Sale Shares, which represent 20% of the entire issued share capital of Rongzhong BVI, at the Consideration of HK\$135 million, which will be settled by the issue of the Convertible Note.

Upon full conversion of the Convertible Note at the Conversion Price of HK\$1.08 per Conversion Share (subject to adjustments), a total number of 125 million Conversion Shares will be issued, representing approximately 4.85% of the existing issued share capital of the Company as at the date of this announcement and approximately 4.62% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

GENERAL

As Rongzhong BVI is currently beneficially owned as to 39.01% by Mr. Xie, an executive Director, Rongzhong BVI is a connected person of the Company under Rule 14A.11(5) of the Listing Rules. As such, the grant of the Loan Facility by Perfect Honour to Rongzhong BVI constitutes a connected transaction for the Company under Rule 14A.13(2)(a)(i) of the Listing Rules and is subject to the approval of the independent Shareholders at the EGM under Chapter 14A of the Listing Rules.

Given that the relevant percentage ratios under Rule 14.07 of the Listing Rules for the acquisition of the Sale Shares are more than 5% but less than 25%, the acquisition of the Sale Shares constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. As Yong Hua is a substantial shareholder of Rongzhong BVI, and is wholly owned by Mr. Xie, Yong Hua is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the acquisition of the Sale Shares also constitutes a connected transaction for the Company under Rule 14A.13(1)(a) of the Listing Rules and is subject to the approval of the independent Shareholders at the EGM under Chapter 14A of the Listing Rules.

An independent board committee of the Company will be formed to advise the independent Shareholders in relation to the Loan Agreement, the S&P Agreement and the respective transactions contemplated thereunder. Menlo Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company and the independent Shareholders in relation to the terms of the Loan Agreement, the S&P Agreement and the respective transactions contemplated thereunder.

A circular containing, among others, (a) further information on the Loan Agreement and the S&P Agreement; (b) the advice from the independent financial adviser to the independent board committee of the Company and independent Shareholders in relation to the Loan Agreement, the S&P Agreement and the respective transactions contemplated thereunder; (c) the recommendation from the independent board committee of the Company to the independent Shareholders in relation to the Loan Agreement, the S&P Agreement and the respective transactions contemplated thereunder; and (d) a notice of EGM, will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 16 August 2007 at the request of the Company pending the issue and publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 17 August 2007.

THE LOAN AGREEMENT

Date

15 August 2007

Parties

Lender: Perfect Honour, a wholly-owned subsidiary of the Company

Borrower: Rongzhong BVI, a 51% subsidiary of the Company

Principal terms

Amount: A revolving loan facility of up to HK\$500 million.

Availability period: The period commencing on the date of fulfillment of the condition precedent to the grant of the Loan Facility and ending on the earlier of (i) the date falling 60 days before the Repayment Date; or (ii) the date on which the Loan Facility is cancelled or terminated in accordance with the provisions of the Loan Agreement.

Prepayment: Rongzhong BVI may voluntarily prepay the whole or any part of the loan outstanding (in an integral multiple of HK\$1,000,000) under the Loan Agreement on the last day of every three months from the date of the first drawing under the Loan Facility and any amounts prepaid may be reborrowed under the Loan Agreement.

Repayment Date: Subject to an overriding right to demand full repayment of the outstanding loan under the Loan Agreement by Perfect Honour at any time, the outstanding loan under the Loan Agreement shall be repaid in full on the date falling 36 months from the date of fulfillment of the condition precedent to the grant of the Loan Facility unless otherwise extended by Perfect Honour at its absolute discretion.

Interest: 16% per annum and payable every three months from the first drawing under the Loan Facility.

Purpose: The entire proceeds shall be used as general working capital of the Rongzhong Group.

Condition precedent: The grant of the Loan Facility is conditional upon, if required, Perfect Honour having obtained the approval of the Shareholders (other than those who are required to abstain from voting under the Listing Rules, if any) in respect of the grant of the Loan Facility by Perfect Honour under the Loan Agreement and the performance of the transactions contemplated thereunder in accordance with all applicable law, rules and regulations.

If the condition precedent is not fulfilled by 30 November 2007 (or such later date as Perfect Honour may agree at its absolute discretion), the Loan Agreement will be terminated automatically and have no further force and effect and no party shall have any liability under them save for any antecedent breach of any term thereof.

The terms of the Loan Agreement were arrived at after arm's length negotiations between Perfect Honour and Rongzhong BVI.

THE S&P AGREEMENT

Date

15 August 2007

Parties

Purchaser: Perfect Honour, a wholly-owned subsidiary of the Company

Vendor: Yong Hua, a company wholly owned by Mr. Xie, an executive Director, which is principally engaged in investment holding

Vendor's guarantor: Mr. Xie

Asset to be acquired

The Sale Shares, representing 20% of the entire issued share capital of Rongzhong BVI.

Consideration

The Consideration of HK\$135 million shall be satisfied upon Completion by the issue of the Convertible Note by the Company to Yong Hua or its nominee. The Consideration was arrived at after arm's length negotiations between Perfect Honour and Yong Hua with reference to the business prospects of the Rongzhong Group.

Conditions precedent

Completion shall be conditional upon:

- (i) if required, the passing of an ordinary resolution by the Shareholders (other than those who are required to abstain from voting under the Listing Rules, if any) at the EGM approving the entering into of the S&P Agreement by Perfect Honour, the issue of the Convertible Note by the Company, the allotment and issue of the Conversion Shares by the Company and the performance of the transactions contemplated thereunder by Perfect Honour;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares;
- (iii) all necessary governmental and regulatory approvals or consents (or waivers) required by Perfect Honour and Yong Hua or any of them for the consummation of the transactions contemplated therein having been obtained; and
- (iv) all necessary third party approvals or consents (or waivers) required by Perfect Honour and Yong Hua or any of them for the consummation of the transactions contemplated therein having been obtained.

If any of the conditions precedent has not been fulfilled or waived (if applicable) by 30 November 2007 or such other date as Perfect Honour and Yong Hua may agree in writing, either Perfect Honour or Yong Hua shall be entitled to rescind the S&P Agreement by giving written notice to the other where upon no party to the S&P Agreement shall have any liability under it (without prejudice to the rights of the parties to the S&P Agreement in respect of any antecedent breaches).

Completion

Subject to the fulfillment of the conditions precedent set out in the S&P Agreement, Completion shall take place within three business days after the fulfillment of all the conditions precedent or such other date as Perfect Honour and Yong Hua may agree in writing.

Principal terms of the Convertible Note

Issuer: The Company

Principal amount: HK\$135 million

Conversion Price: HK\$1.08 per Conversion Share, subject to adjustments in certain events such as share consolidation, share sub-division, reclassification, capitalisation issue, capital distribution and rights issue.

The Conversion Price (subject to adjustments) was determined on an arm's length basis between Perfect Honour and Yong Hua with reference to the prevailing market price of the Shares.

Interest: No interest shall be payable on the Convertible Note.

Maturity date: The third anniversary from the date of issue of the Convertible Note.

Transferability: The Convertible Note will be freely transferable but may not be transferred to a connected person of the Company without the prior written approval of the Company.

Any transfer of the Convertible Note shall be in respect of the whole or any part (in an integral multiple of HK\$100,000) of the outstanding principal amount of the Convertible Note.

Redemption and Conversion rights: The Company may, by giving to the holder of the Convertible Note not less than seven business days' notice in writing, elect to redeem the outstanding principal amount of the Convertible Note (in an integral multiple of HK\$100,000) in manner set out below.

The holder of the Convertible Note shall have the right to convert, on any business day from the first anniversary of the date of issue of the Convertible Note up to the business day immediately prior to the maturity date of the Convertible Note, the outstanding principal amount of the Convertible Note (in an integral multiple of HK\$100,000) into Conversion Shares in manner set out below at the Conversion Price.

Period	Principal amount of the Convertible Note to be redeemed or converted (HK\$)
From the 1st anniversary of the Convertible Note up to the business day immediately prior to the 2nd anniversary of the Convertible Note	54 million
From the 2nd anniversary of the Convertible Note up to the business day immediately prior to the maturity date of the Convertible Note	81 million

Unless previously redeemed or converted, the Company's right to redeem and the holder of the Convertible Note's right to convert set out above are cumulative.

- Voting rights:** The holder of the Convertible Note will not be entitled to receive notice of, attend or vote at any general meeting of the Company by reason only of it being the holder of the Convertible Note.
- Listing:** No application has been or will be made for listing of, or permission to deal in, the Convertible Note on the Stock Exchange or any other stock exchange. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued as a result of the conversion of the Convertible Note.
- Ranking:** The Conversion Shares falling to be issued upon exercise of the conversion rights attaching to the Convertible Note will, when issued, rank pari passu with all other Shares in issue as at the date of allotment and issue of such Conversion Shares.

The terms of the Convertible Note were determined after arm's length negotiations between Perfect Honour and Yong Hua.

The Conversion Price of HK\$1.08 per Conversion Share (subject to adjustments) represents:

- (i) a premium of approximately 9.1% to the closing price of HK\$ 0.99 per Share as quoted on the Stock Exchange on 15 August 2007 prior to the suspension of trading in the Shares pending the release of this announcement;
- (ii) a premium of approximately 6.5% over the average closing price of HK\$1.014 per Share for the five consecutive trading days up to and including 15 August 2007 as quoted on the Stock Exchange;
- (iii) a premium of approximately 0.8% over the average closing price of HK\$1.071 per Share for the 10 consecutive trading days up to and including 15 August 2007 as quoted on the Stock Exchange; and

- (iv) a premium of approximately 336.5% over the audited consolidated net assets value of the Group of approximately HK\$ 0.2474 per Share as at 31 March 2007.

In the event that the Convertible Note is converted in full at the Conversion Price of HK\$1.08 per Conversion Share (subject to adjustments), a total of 125 million Conversion Shares will be issued, representing approximately 4.85% of the existing issued share capital of the Company as at the date of this announcement and approximately 4.62% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The allotment and issue of the Conversion Shares will be approved by the independent Shareholders at the EGM.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and immediately after Completion assuming full conversion of the Convertible Note and there is no change in the issued share capital of the Company from the date of this announcement are set out as follows:

	As at the date of this announcement		Immediately after Completion and assuming full conversion of the Convertible Note	
	<i>No. of Shares</i>	<i>Approximate % of issued share capital of the Company</i>	<i>No. of Shares</i>	<i>Approximate % of issued share capital of the Company</i>
Allied Luck Trading Limited (<i>Note 1</i>)	497,232,000	19.28	497,232,000	18.39
Ace Solomon Investments Limited (<i>Note 2</i>)	338,888,343	13.14	338,888,343	12.53
Goldbond Capital Investment Holdings Limited (<i>Note 3</i>)	193,798,449	7.51	193,798,449	7.17
Yong Hua	–	–	125,000,000	4.62
Directors	171,001,300	6.63	171,001,300	6.32
Public	1,378,042,751	53.44	1,378,042,751	50.97
Total	<u>2,578,962,843</u>	<u>100.00</u>	<u>2,703,962,843</u>	<u>100.00</u>

Notes:

- Allied Luck Trading Limited is owned as to 50% by Mr. Wong Yu Lung, Charles (“Mr. Wong”), an executive Director, and as to 50% by Mrs. Wong Fang Pik Chun, the spouse of Mr. Wong.
- Ace Solomon Investments Limited is owned as to 89% by Mr. Kee Wah Sze (“Mr. Kee”), an executive Director, and as to 11% by Mr. Wong.
- Goldbond Capital Investment Holdings Limited is indirectly owned as to 90% by Mr. Kee and as to 10% by Mr. Wong.

INFORMATION ON THE RONGZHONG GROUP

The Rongzhong Group is principally engaged in the loan guarantee, pawnshop and credit cards businesses and currently has employed about 600 employees in the PRC.

Rongzhong BVI is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, Rongzhong BVI is owned as to 51%, 39.01%, 5% and 4.99% by Perfect Honour, Yong Hua, Legend Crown and Plenty Boom respectively. Immediately after Completion, Rongzhong BVI will be owned as to 71%, 19.01%, 5% and 4.99% by Perfect Honour, Yong Hua, Legend Crown and Plenty Boom respectively. Each of Legend Crown and Plenty Brown is owned jointly by the associates of two executive Directors, namely Mr. Wong, and Miss Wong, Michelle Yatye.

The following table sets out the unaudited consolidated financial information of the Rongzhong Group for the two years ended 31 March 2007:

	Year ended	
	31 March 2006	31 March 2007
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net loss before taxation and extraordinary items	36.2	31.2
Net loss after taxation and extraordinary items	36.5	31.7

As at 31 March 2007, the Rongzhong Group recorded an unaudited net liability of approximately HK\$69.6 million.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE LOAN AGREEMENT AND THE S&P AGREEMENT

The Group is principally engaged in investment and provision of financial services and investment in property.

As mentioned in the Company's annual report for the financial year ended 31 March 2007, the Directors believe that investment in its financial services business will be a long-term strategic move for the Group. Leveraging on the Group's expertise and extensive network in the PRC, the Group, through the Rongzhong Group, is able to venture into the PRC consumer finance and secured bridging finance market with promising prospects.

As it is the intention of the Directors to further develop and expand the Group's financial services business, the grant of the Loan Facility will allow the Rongzhong Group to further tap into the PRC consumer finance and secured bridging finance market and facilitate the operation of the Rongzhong Group and to increase its participation in the prospective growth of loan guarantee and lending businesses in the PRC.

In light of the steady growth in the PRC economy and the size and the purchasing power of the population concerned in the PRC and the growth prospects of loan guarantee and lending businesses in the PRC, the Directors consider that the business of the Rongzhong Group has good business potential and accordingly, it is beneficial for the Group to increase its equity interest in Rongzhong BVI.

The advances of the Loan Facility to Rongzhong BVI will be financed by the Group's internal resources and/or bank borrowings.

The grant of the Loan Facility under the Loan Agreement and completion of the S&P Agreement are not inter-conditional.

The Directors (including the independent non-executive Directors who will render their opinion upon receipt of the advice of Menlo Capital Limited) consider that the terms of the Loan Agreement and the S&P Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

GENERAL

As Rongzhong BVI is currently beneficially owned as to 39.01% by Mr. Xie, an executive Director, Rongzhong BVI is a connected person of the Company under Rule 14A.11(5) of the Listing Rules. As such, the grant of the Loan Facility by Perfect Honour to Rongzhong BVI constitutes a connected transaction for the Company under Rule 14A.13(2)(a)(i) of the Listing Rules and is subject to the approval of the independent Shareholders at the EGM under Chapter 14A of the Listing Rules.

Given that the relevant percentage ratios under Rule 14.07 of the Listing Rules for the acquisition of the Sale Shares are more than 5% but less than 25%, the acquisition of the Sale Shares constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. As Yong Hua is a substantial shareholder of Rongzhong BVI, and is wholly-owned by Mr. Xie, Yong Hua is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the acquisition of the Sale Shares also constitutes a connected transaction for the Company under Rule 14A.13(1)(a) of the Listing Rules and is subject to the approval of the independent Shareholders at the EGM under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, no Shareholder is required to abstain from voting on the proposed resolutions approving the Loan Agreement, the S&P Agreement and the respective transactions contemplated thereunder at the EGM.

An independent board committee of the Company will be formed to advise the independent Shareholders in relation to the Loan Agreement, the S&P Agreement and the respective transactions contemplated thereunder. Menlo Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company and the independent Shareholders in relation to the terms of the Loan Agreement, the S&P Agreement, and the respective transactions contemplated thereunder.

A circular containing, among others, (a) further information on the Loan Agreement and the S&P Agreement; (b) the advice from the independent financial adviser to the independent board committee of the Company and independent Shareholders in relation to the Loan Agreement, the S&P Agreement and the respective transactions contemplated thereunder; (c) the recommendation from the independent board committee of the Company to the independent Shareholders in relation to the Loan Agreement, the S&P Agreement and the respective transactions contemplated thereunder; and (d) a notice of EGM, will be despatched to the Shareholders as soon as practicable in accordance with the requirement of the Listing Rules.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 16 August 2007 at the request of the Company pending the issue and publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 17 August 2007.

DEFINITIONS

The following words and phrases used in this announcement have the following meaning:

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“business day”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“Company”	Goldbond Group Holdings Limited (Stock code: 172), a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the S&P Agreement in accordance with its terms and conditions
“Consideration”	HK\$135 million, being the consideration for the acquisition of the Sale Shares under the S&P Agreement
“Conversion Price”	the price of HK\$1.08 per Conversion Share, subject to the adjustments which may be made pursuant to the terms of the Convertible Note
“Conversion Share(s)”	the new Share(s) to be issued by the Company upon the exercise of the conversion rights attached to the Convertible Note or otherwise pursuant to the terms and conditions of the Convertible Note
“Convertible Note”	zero coupon convertible note due 2010 in the principal amount of HK\$135 million to be issued by the Company to Yong Hua upon Completion in full settlement of the Consideration
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Loan Agreement, the S&P Agreement and the respective transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Legend Crown”	Legend Crown International Limited, a company incorporated in the British Virgin Islands with limited liability and jointly owned by the associates of two executive Directors
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the conditional loan agreement dated 15 August 2007 entered into between Perfect Honour as lender and Rongzhong BVI as borrower in respect of the Loan Facility
“Loan Facility”	a revolving loan facility of up to HK\$500 million to be granted by Perfect Honour to Rongzhong BVI pursuant to the terms of the Loan Agreement
“Mr. Xie”	Mr. Xie Xiao Qing, an executive Director
“Perfect Honour”	Perfect Honour Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Plenty Boom”	Plenty Boom Investments Limited, a company incorporated in the British Virgin Islands with limited liability and jointly owned by the associates of two executive Directors
“PRC”	The People’s Republic of China
“Repayment Date”	the date falling 36 months from the date of fulfillment of the condition precedent to the grant of the Loan Facility unless otherwise extended by Perfect Honour at its absolute discretion
“Rongzhong BVI”	Rongzhong Group Limited, a company incorporated in the British Virgin Islands with limited liability, and a 51% subsidiary of the Company as at the date of this announcement and a 71% subsidiary of the Company immediately after Completion
“Rongzhong Group”	Rongzhong BVI and its subsidiaries
“S&P Agreement”	the conditional agreement dated 15 August 2007 entered into among Perfect Honour as purchaser, Yong Hua as vendor, and Mr. Xie as Yong Hua’s guarantor in relation to the sale and purchase of the Sale Shares

“Sale Shares”	5,200,000 ordinary shares of US\$1 each in the capital of Rongzhong BVI, representing 20% of its entire issued share capital as at the date of this announcement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yong Hua”	Yong Hua International Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Xie
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

As at the date of this announcement, the Board comprises Mr. Wang Jun, Mr. Wong Yu Lung, Charles, Mr. Ding Chung Keung, Vincent, Mr. Lan Ning, Mr. Kee Wah Sze, Miss Wong, Michelle Yatye and Mr. Xie Xiao Qing (all being executive Directors), Mr. Ip Yin Wah, Mr. Ma Ho Fai SBS JP and Mr. Melvin Jitsumi Shiraki (all being independent non-executive Directors).

By order of the Board
Goldbond Group Holdings Limited
Wong Yu Lung, Charles
Chief Executive Officer

Hong Kong, 16 August 2007