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**THIS DOCUMENT 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 securities in GOLD-FACE HOLDINGS LIMITED, you should at once hand this circular to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or to the transferee.

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**GOLD-FACE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**DISCLOSEABLE TRANSACTION**

**SALE OF A PROPERTY IN THE UNITED KINGDOM**

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## CONTENT

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	<i>Page</i>
<b>Definitions</b> .....	ii
<b>Letter from the Board</b> .....	1
<b>Appendix – General Information</b> .....	4

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 16 April 2003 in respect of the Disposal
“Board”	the board of Directors
“Chun Wo”	Chun Wo Building Construction Limited, a wholly-owned subsidiary of Chun Wo Holdings Limited whose shares are listed on the main board of the Stock Exchange
“Company”	GOLD-FACE HOLDINGS LIMITED, an exempted company incorporated in Bermuda with limited liability and the securities of which are listed on the main board of the Stock Exchange
“Disposal”	the sale of the Property by Goldline to the Purchaser pursuant to the Sale and Purchase Agreement
“Directors”	the directors of the Company
“Goldline”	Goldline Properties Limited, a company incorporated in the United Kingdom and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	6 May 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Property”	the leasehold property located at 51/79 (odd) Charing Cross Road, 28-35 Newport Court and 10-18 Newport Place in the City of Westminster, London WC2, the United Kingdom
“Purchaser”	Rosewheel Limited, a private company incorporated in the United Kingdom which is not connected with any of the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules), and which does not have any prior shareholding in the Company
“Sale and Purchase Agreement”	the agreement dated 4 April 2003 entered into between Goldline and the Purchaser in relation to the Disposal
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“£”	Sterling, the lawful currency of the United Kingdom
“%”	per cent.

*In this circular, the exchange rate of £1 = HK\$12.3 is used.*

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## LETTER FROM THE BOARD

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# GOLD-FACE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

*Executive Directors:*

Tai Kuen, S.B.S., J.P. (*Chairman*)  
Tai Chi Wah (*Managing Director*)  
Poon Chi Fai, J.P.  
Tai Seow Yoke Peng

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Non-executive Director:*

Wong Po Long, John

*Principal place of*

*business in Hong Kong:*

Room 606  
Silvercord Tower 1  
30 Canton Road  
Kowloon  
Hong Kong

*Independent Non-executive Directors:*

Wan Tai Min, Tommy  
Liu Chun Ning, Wilfred

7 May 2003

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION SALE OF A PROPERTY IN THE UNITED KINGDOM**

#### **1. INTRODUCTION**

On 17 April 2003, pursuant to the Announcement, the Board announced that Goldline, a wholly-owned subsidiary of the Company, had entered into the Sale and Purchase Agreement with the Purchaser on 4 April 2003 for sale of the Property at a total cash consideration of £24 million (equivalent to approximately HK\$295.2 million). The Purchaser is a private company incorporated in the United Kingdom which is not connected with the Company, the directors, chief executives and substantial shareholders of the Company and its subsidiaries and their respective associates (as defined in the Listing Rules).

Pursuant to the Sale and Purchase Agreement, completion of the Disposal took place on 17 April 2003.

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## LETTER FROM THE BOARD

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The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further information relating to the Disposal.

### 2. DETAILS OF PROPERTY

The Property comprises 51/79 (odd) Charing Cross Road, 28-35 Newport Court and 10-18 Newport Place in the City of Westminster, London WC2, the United Kingdom. It accommodates 23 retail/restaurant units on the ground, basement and mezzanine levels of a larger development and has a total area of about 37,000 square feet.

### 3. CONSIDERATION

The aggregate amount payable by the Purchaser for the Disposal is £24 million (equivalent to approximately HK\$295.2 million) in cash.

The Property has been valued at £25.5 million (equivalent to approximately HK\$313.65 million) pursuant to a valuation conducted by an independent valuer on 31 May 2002. No further valuation on the Property has been carried out since then. In September 2002, Goldline engaged estate agents to look for potential purchasers of the Property. The consideration obtained from the Purchaser was the highest of all the prices offered. The Directors are therefore of the view that a further valuation on the Property is not necessary as the value of the Property is ultimately determined by market demand.

The sale price was determined after arm's length negotiations and with reference to the Directors' estimate of the current market price of the Property. Taking into account of the fact that the consideration obtained from the Purchaser was the highest amongst all of the offered prices obtainable in the market, the Directors are of the view that the consideration is fair and reasonable and reflects the current market price of the Property.

### 4. TERMS OF PAYMENT

Pursuant to the Sale and Purchase Agreement, the terms of payment of the consideration for the Disposal are as follows:–

- (i) a deposit of £550,000 in cash (equivalent to approximately HK\$6.765 million) (which is not refundable) has been paid by the Purchaser in accordance with the terms of the Sale and Purchase Agreement; and
- (ii) the balance of £23.45 million in cash (equivalent to approximately HK\$288.435 million) has been paid by the Purchaser on 17 April 2003 being the date on which completion of the Disposal took place.

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## LETTER FROM THE BOARD

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### 5. REASONS FOR THE DISPOSAL OF THE PROPERTY

The Property was held by the Group for investment purposes and was purchased by Goldline in 1996. For the six-month period ended 30 September 2002, the rental income derived from the Property amounted to approximately HK\$8.9 million. However, after taking into account of the mortgage loan interests and the operating expenses, the Property gave rise to a loss of approximately HK\$1.5 million for the same period.

The reason for the Disposal is to realise the present value of the Property and to provide working capital of the Group.

### 6. USE OF SALES PROCEEDS

After deducting the legal fees, sales commission and other necessary expenses, the net proceeds of the Disposal, which is approximately £23.7 million (approximately HK\$291.51 million), will be applied to repay the bank loan secured by the Property (in the sum of approximately £19.26 million (equivalent to approximately HK\$236.9 million)) and the remaining £4.44 million (equivalent to approximately HK\$54.61 million) will be utilised as working capital of the Group for other property development projects mainly in Hong Kong.

### 7. GENERAL

The Group is principally engaged in property development, property investment and property related business in Hong Kong, the United Kingdom and other regions in the People's Republic of China.

The Group will record a profit of approximately HK\$54 million before taxation and net of expenses in respect of the Disposal. The Directors believe that the terms of the Sale and Purchase Agreement are fair and reasonable and are in the best interests of the Company so far as the Shareholders are concerned.

### 8. FURTHER INFORMATION

Your attention is drawn to the general information set out in the appendix to this circular.

Yours faithfully  
For and on behalf of  
**GOLD-FACE HOLDINGS LIMITED**  
**Tai Chi Wah**  
*Managing Director*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with respect 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 and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register kept under section 352 of the SFO were as follows:

Name of Director	Number of Shares beneficially held and nature of interest			Percentage of total issued share capital of the Company (%)
	Personal	Family	Corporate	
Mr. Tai Kuen, S.B.S., J.P.	1,518,000	–	–	0.16
Mr. Tai Chi Wah (Notes i & ii)	27,586,000	–	322,863,556	37.28
Mr. Poon Chi Fai, J.P.	120,000	–	–	0.01
Madam Tai Seow Yoke Peng (Notes i, iii & iv)	1,490,000	263,677,556	–	28.21
Mr. Wan Tai Min, Tommy	120,000	–	–	0.01
Mr. Wong Po Lung, John	310,000	–	–	0.03

*Notes:*

- (i) 154,427,556 Shares are held through Questrole Profits Limited (“Questrole Profits”), a company incorporated in the British Virgin Islands. Questrole Profits is beneficially owned by a discretionary trust, the discretionary objects of which include Mr. Tai Chi Wah and the spouse of Madam Tai Seow Yoke Peng and their respective family members.
- (ii) 168,436,000 Shares are held through Propertyline Properties Limited (“Propertyline”), a company incorporated in the British Virgin Islands. Propertyline is beneficially owned by a discretionary trust, the discretionary objects of which include Mr. Tai Chi Wah and his family members.
- (iii) 107,560,000 Shares are held by Oodless Investment Limited, a company incorporated in Hong Kong and beneficially owned by the spouse of Madam Tai Seow Yoke Peng as to 99.99% and by her as to 0.01%.
- (iv) 1,690,000 Shares are held by the spouse of Madam Tai Seow Yoke Peng.



Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which 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 deemed to have taken to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors, the following person (other than the Directors or chief executive of the Company) was, directly or indirectly, interested in 10% or more of the issued share capital carrying rights to vote at general meetings of any member of the Group:

Shareholders	Number of Shares held	Percentage of total issued share capital of the Company (%)
Value Consultants Limited	131,697,600	14.01

Save as disclosed above, there is no person known to the Directors who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

### 4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

### 5. LITIGATION

On 9 April 2003, the Company received a statutory demand (the "Statutory Demand") from Chun Wo demanding repayment of HK\$69,023,271.47 together with interest. As the Company did not settle the said sum within the prescribed 21-day period, Chun Wo has the

right to commence further legal proceedings which include the presentation of a winding-up petition against the Company.

The Statutory Demand was made pursuant to (a) a purported deed of guarantee dated 10 November 1998 between the Company and Chun Wo in respect of a construction agreement made between Chun Wo and Lipson Enterprises Limited, a wholly-owned subsidiary of the Company, and (b) the arbitration award made in favour of Chun Wo in an arbitration concerning a dispute in construction work rendered in connection with the property development situated at Casa De Oro, Hung Shiu Kiu, New Territories.

The arbitration is at present the subject matter of an application to the High Court of Hong Kong to be reconsidered by the arbitrator and is also a subject matter of an application for leave of appeal. In this connection, the Company took out a High Court action (HCMP No.1835) on 29 April 2003 to restrain Chun Wo from relying on the Statutory Demand to petition for winding-up of the Company on the ground that the arbitration award is not final.

Save as disclosed above, no member of the Group was engaged in any litigation or arbitration proceedings of material importance as at the Latest Practicable Date and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

## **6. MISCELLANEOUS**

- (a) The company secretary of the Company is Paul Daniel Emerson, who is a solicitor of the High Court of Hong Kong.
- (b) The principal share registrar and transfer office of the Company is Butterfield Fund Services (Bermuda) Limited whose address is Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Secretaries Limited whose address is ground floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.