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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Gold-Face Holdings Limited, you should at once hand this circular to the purchaser, transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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GOLD-FACE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 396)

**DISCLOSEABLE TRANSACTIONS IN RESPECT OF
THE DISPOSAL OF GOLD-FACE FINANCE LIMITED
AND
THE DISPOSAL OF THE PROPERTY**

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 6 April 2005 in respect of the Disposals
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Chun Po”	Chun Po Investment Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Gold-Face Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposals”	the disposal of Gold-Face Finance and the disposal of the Property
“Gold-Face Enterprises”	Gold-Face Enterprises Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Gold-Face Finance”	Gold-Face Finance Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Gold-Face Investment”	Gold-Face Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	4 May 2005
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Property”	all that piece or parcel of ground registered in the Yuen Long New Territories Land Registry as Lots Nos. 3123, 3124, 3178, 3202, 3215, 3216, 3217, 3237 and 3238, all in demarcation district No. 104 and the remaining portion of Lots Nos. 3122, 3147, 3150, 3153, 3192, 3201, 3204, 3209, 3211, 3212, 3213, 3218, 3220 and 3230, all in demarcation district No. 104 and of and in the messuages erections and buildings thereon (if any)
“Purchaser”	Capital Chance Limited, a company incorporated in Hong Kong with limited liabilities
“Restructuring Agreement”	the restructuring agreement dated 21 January 2005 between Gold-Face Finance, Upbest Finance, Gold-Face Investment, Gold-Face Enterprises and Chun Po (as varied and supplemented by the supplemental agreement dated 8 March 2005)
“Sale and Purchase Agreement”	the provisional sale and purchase agreement for the disposal of the Property dated 9 March 2005 and entered into between Wonder Fit and the Purchaser
“Scheme”	the scheme of arrangement to be made between Gold-Face Finance and its creditors under section 166 of the Companies Ordinance
“SFO”	Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Upbest Finance”	Upbest Finance Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Upbest Group
“Upbest Group”	Upbest Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Vendors”	Gold-Face Investment, Gold-Face Enterprises and Chun Po
“Wonder Fit”	Wonder Fit Company Limited, a company incorporated in Hong Kong with limited liability and a 80% subsidiary of the Company

LETTER FROM THE BOARD



GOLD-FACE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 396)

Executive Directors:

Ms. Tai Seow Yoke Peng

Mr. Ng Yat Cheung, J.P.

Independent Non-executive Directors:

Mr. Wan Tai Min, Tommy

Mr. Leung Shu Yin, William

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal place of

business in Hong Kong:

Unit B, 4/F

Hung Cheong Industrial Centre (Phase 1)

12 Tsing Yeung Circuit

Tuen Mun, New Territories

Hong Kong

6 May 2005

To the Shareholders

Dear Sir and Madam,

**DISCLOSEABLE TRANSACTIONS IN RESPECT OF
THE DISPOSAL OF GOLD-FACE FINANCE LIMITED
AND
THE DISPOSAL OF THE PROPERTY**

INTRODUCTION

On 6 April 2005, the Board announced that:

- (i) Gold-Face Finance and the Vendors had entered into the Restructuring Agreement with Upbest Finance whereby (i) the Vendors agreed to sell, and Upbest Finance agreed to purchase from the Vendors, the entire issued share capital of Gold-Face Finance at a cash consideration of HK\$4.00 and (ii) Upbest Finance agreed to subscribe, and Gold-Face Finance agreed to issue and allot, 28,000,000 new shares in Gold-Face Finance at a cash consideration of HK\$28,000,000; and
- (ii) Wonder Fit had entered into the Sale and Purchase Agreement with the Purchaser whereby Wonder Fit agreed to sell, and the Purchaser agreed to purchase, the Property at a cash consideration of HK\$100,300,000.

LETTER FROM THE BOARD

A. DISPOSAL OF GOLD-FACE FINANCE

The Restructuring Agreement

Date: 21 January 2005 (as varied and supplemented by a supplemental agreement dated 8 March 2005)

Parties: Subscriber: Upbest Finance.

To the best of the Directors' knowledge and belief, having made all reasonable enquiry, Upbest Finance and its ultimate beneficial owners are parties independent of and not connected with the connected persons of the Company, its subsidiaries and their respective associate.

Vendors: (i) Gold-Face Investment;
(ii) Gold-Face Enterprises; and
(iii) Chun Po.

Issuer: Gold-Face Finance.

Consideration

Subject to the fulfilment and/or waiver (as the case may be) of the conditions precedent as set out in the Restructuring Agreement:–

- (i) the Vendors agreed to transfer, and Upbest Finance agreed to acquire, the entire issued share capital of Gold-Face Finance at a cash consideration of HK\$4.00; and
- (ii) Upbest Finance agreed to subscribe, and Gold-Face Finance agreed to issue and allot to Upbest Finance, 28,000,000 new shares at a cash consideration of HK\$28,000,000.

The consideration of the disposal of Gold-Face Finance was arrived at after arm's length negotiations between the parties with reference to the prevailing economic and market conditions. In addition, in view of the financial position of Gold-Face Finance, a major restructuring of Gold-Face Finance is necessary in order to avoid the winding up of Gold-Face Finance. The total consideration will be satisfied by way of cash payment. The Company will cease to have any interest in Gold-Face Finance after the disposal. The Board considers the terms of the Restructuring Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Conditions Precedent

Completion of the Restructuring Agreement is conditional upon, amongst other things, the following conditions:

- (i) the granting of an approval of the Scheme by a majority representing three-fourths in value of the creditors of Gold-Face Finance;
- (ii) the granting of an order by the court sanctioning the Scheme;
- (iii) the dismissal or withdrawal of all outstanding litigation and winding up petitions against Gold-Face Finance; and

LETTER FROM THE BOARD

- (iv) Gold-Face Finance having satisfied all requirements of the Stock Exchange regarding the transactions contemplated under the Restructuring Agreement and the Scheme (if applicable).

In the event that the conditions are not fulfilled or waived (other than condition (iv)) by Upbest Finance (as the case may be) on or before 30 April 2005 (or such other date as the parties may agree), the Restructuring Agreement will terminate with immediate effect and none of the parties will have any claim against the other for compensation.

The parties to the Restructuring Agreement have agreed to extend the long stop date for fulfilment of the conditions to 31 May 2005.

Condition (i) was fulfilled on 11 April 2005.

The Scheme

Two judgments were entered against Gold-Face Finance on 9 June 2004 in favour of a creditor claiming the repayment of HK\$50,644,791 and HK\$21,402,800 together with interest and legal costs. Subsequently, Gold-Face Finance received statutory demands from the said creditor demanding repayment. On 6 August 2004, Gold-Face Finance was served with a winding-up petition in the High Court of Hong Kong taken out by that creditor in HCCW 870 of 2004 in respect of the said claims.

The hearing of the winding-up petition in HCCW 870 of 2004 was adjourned to 17 May 2005.

In board terms, the Scheme would, if implemented, result in the full discharge of the debts owed to the creditors and the creditors will be bared from taking any actions against Gold-Face Finance in respect of the debts.

Once the Scheme becomes effective, it will bind Gold-Face Finance and all the creditors irrespective of whether they voted for or against the Scheme. Gold-Face Investment and Gold-Face Enterprises are unsecured creditors of Gold-Face Finance.

Information on Gold-Face Finance

Gold-Face Finance was incorporated in Hong Kong on 10 October 1991.

Gold-Face Finance is one of the major subsidiaries of the Company principally engaged in the provision of personal loans and second mortgage loans. However, Gold-Face Finance has been operating at a loss since 1999 and the majority of Gold-Face Finance's assets are loans receivable and most of them are non-performing. Taking into account the deficit position of approximately HK\$260 million of Gold-Face Finance as at 15 March 2005, the Company recorded (on a consolidated basis) a loss of HK\$1 million from the disposal of Gold-Face Finance.

Information on Upbest Finance

Upbest Finance Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Upbest Group. To the best of the Directors' knowledge and belief, having made all reasonable enquiry, Upbest Finance and its ultimate beneficial owners are parties independent of and not connected with the connected persons of the Company, its subsidiaries and their respective associates.

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Reason for entering into the Restructuring Agreement

Gold-Face Finance has been operating at a loss since 1999. For the year ended 31 March 2003, Gold-Face Finance recorded a loss of approximately HK\$202 million. As at 31 March 2003, the net liabilities of Gold-Face Finance were approximately HK\$220 million. In view of the financial position of Gold-Face Finance, the Board is of the view that it would be in the interests of the Company to dispose of Gold-Face Finance. It is estimated that Gold-Face Investment and Gold-Face Enterprises, which are two wholly-owned subsidiaries of the Company, as the unsecured creditors of Gold-Face Finance of approximately HK\$253 million, will participate in the Scheme and receive approximately HK\$17 million under the Scheme.

The subscription of shares in Gold-Face Finance by Upbest Finance, as part of the restructuring proposal will provide Gold-Face Finance with the necessary working capital and financial resources to revitalise its business operations and to compromise and discharge its indebtedness. The Scheme, if implemented, would enable Gold-Face Finance to be in a net tangible asset position of HK\$ 28 million compared with its deficit position of approximately HK\$260 million as at 15 March 2005.

The Board considers that the Restructuring Agreement is on normal commercial terms and that such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

B. DISPOSAL OF THE PROPERTY

The Sale and Purchase Agreement

Date: 9 March 2005

Parties: Seller: Wonder Fit.

Purchaser: The Purchaser. To the best of the Directors' knowledge and belief, having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are parties independent of and not connected with the connected persons of the Company, its subsidiaries and their respective associates.

Subject matter of the Sale and Purchase Agreement:

Pursuant to the Sale and Purchase Agreement, Wonder Fit agreed to sell and the Purchaser agreed to purchase the Property.

Consideration:

The consideration of HK\$100,300,000 has been paid by the Purchaser to Wonder Fit in cash in the following manner:

- (a) HK\$1,000,000, representing approximately 1% of the purchase price, has been paid by the Purchaser upon signing of the Sale and Purchase Agreement as an initial deposit;
- (b) HK\$9,030,000, representing approximately 9% of the purchase price, has been paid by the Purchaser upon signing of the formal sale and purchase agreement as a further deposit; and
- (c) HK\$90,270,000, representing the balance of the purchase price, has been paid by the Purchaser upon completion.

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The purchase price of HK\$100,300,000 is arrived at after arm's length negotiations between Wonder Fit and the Purchaser with reference to recent open market price of similar properties quoted by the estate agents. The Board considers that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Completion:

Completion has taken place on 11 April 2005.

Value of the Property

The Property is vacant and its value as shown in the Company's latest audited accounts for the financial year ended 31 March 2003 is HK\$129,418,781. The Company recorded a loss of HK\$29,118,781 from the Disposal.

Information of the Purchaser

Capital Chance Limited is a company incorporated in Hong Kong with limited liabilities. To the best of the Directors' knowledge and belief, having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are parties independent of and not connected with the connected person of the Company, its subsidiaries and their respective associates.

Reasons for entering into the Sale and Purchase Agreement

Wonder Fit was in a consolidated net liability position of approximately HK\$16 million as at 31 March 2003. The Group has been operating at a loss for each of 2003 and 2004. For the year ended 31 March 2004, Wonder Fit and its subsidiary recorded a consolidated loss of approximately HK\$84 million. In view of the financial position of Group, the Board is of the view that it would be in the interests of the Company to dispose of the Property. The proceeds from the disposal will provide the Company with financial resources to revitalise its business operations.

General

The Company is an investment holding company, its subsidiaries are principally engaged in the business of property development and investment, operation of a power plant, money lending business and property management in Hong Kong, other regions in the People's Republic of China and the United Kingdom.

The Disposals constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the announcement requirement under Chapter 14 of the Listing Rules.

The Shares have been suspended for trading on the Stock Exchange since 19 May 2003 and will remain suspended until further notice.

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

Yours faithfully,
For and on behalf of the Board of
GOLD-FACE HOLDINGS LIMITED
Mr. Ng Yat Cheung, J.P.
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 directors and chief executive of the Company and their respective associates had the following interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporation (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 he/she was taken or deemed to have such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which would be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (“Model Code”) contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

Interests and short positions in the Shares, underlying Shares and debentures in the Company and associated corporations			
Name of Director	Capacity	Number of Shares beneficially held and nature of interest	Approximate of percentage shareholding (%)
Tai Seow Yoke Peng	Beneficial owner	1,490,000	0.16%
	Beneficiary of a trust	106,560,000 <i>(Note 1)</i>	11.34%
	Beneficiary of a trust	154,427,556 <i>(Note 2)</i>	16.43%
	Spouse	1,690,000 <i>(Note 3)</i>	0.18%

Notes:

1. 106,560,000 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%.
2. 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.
3. 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 and the chief executive of the Company and their respective associates had any interests or short positions 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) which would have 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 he/she was taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which would be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, 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 or chief executive of the Company, the following persons (other than the directors or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, are 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:

Name of shareholder	Capacity	Number of Shares held	Percentage of shareholding
Citigroup Inc.	Security interest in shares	259,433,956 (Long position)	27.60%
Liu Chong Hing Bank Limited	Security interest in shares	122,000,000 (Long position)	12.90%
Oodless Investment Ltd. (Note 1)	Beneficial owner	106,560,000 (Long position)	11.34%
Propertyline Properties Limited (Note 2)	Beneficial owner	169,436,000 (Long position)	18.02%
Questrole Profits Limited (Note 3)	Beneficial owner	154,427,556 (Long position)	16.43%

Notes:

- (1) 106,560,000 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%.
- (2) 169,436,000 Shares are held through Propertyline Properties Limited (“Propertyline”), a company incorporated in the British Virgin Islands. Propertyline is ultimately owned by the trustees of a discretionary trust established by Mr. Tai Chi Wah and his family members.
- (3) 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.

Save as disclosed herein, as at the Latest Practicable Date, there was no other person who was recorded in the register of the Company as having interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company or the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO or, having a direct or an indirect interest 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.

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

As at the Latest Practicable Date, two winding-up petitions (the “Petitions”) were filed against the Company and a wholly-owned subsidiary of the Company, True Gold Investments Limited (“True Gold”), on 17 December 2003 alleging that True Gold was indebted for a sum of HK\$27,871,098 plus interest under a joint venture agreement dated 18 May 1998. Both the winding-up petitions commenced by Wing Tung Yick Investment Company Limited and Crestsale Limited against the Company and True Gold were dismissed by the court on 24 December 2004.

Two other winding-up petitions were filed against the Company and a wholly owned subsidiary of the Company, Gold-Face Finance, respectively by China Overseas Building Construction Limited (“China Overseas”), for aggregate payment of HK\$57,929,600. The direction’s hearings in respect of the winding-up petitions commenced by China Overseas against Gold-Face Finance and the Company were both adjourned to 17 May 2005.

The Group is currently involved in numerous litigation, and the alleged claims and demands in such litigation amount to approximately HK\$1,115 million.

6. MISCELLANEOUS

- (a) The company secretary and qualified accountant of the Company is Mr. Fung Kwok Leung, who is a fellow of the Association of Chartered Certified Accountants.
- (b) The principal share registrars and transfer office of the Company is Butterfield Fund Services (Bermuda) Limited located at Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda.
- (c) The branch registrar of the Company in Hong Kong is Secretaries Limited located at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (d) The English text of this circular will prevail over the Chinese text in case of any inconsistency.