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GOLDWIZ HOLDINGS LIMITED

科維控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 586)

**UPDATE ON STATUTORY DEMANDS AND APPOINTMENT OF RECEIVERS,
RENTAL ISSUE, EXCLUSIVE GRANT FOR RIGHTS ISSUE EXERCISE
AND
NOMINATION OF NON-EXECUTIVE CHAIRMAN**

UPDATE ON STATUTORY DEMANDS

Reference is made to the Announcement in relation to the appointment of Receivers and Statutory Demands. Pursuant to a Loan Agreement entered into between Cupac Finance Limited and the Company, a loan of HK\$75 million was obtained by the Company from Cupac Finance Limited to repay the relevant indebtedness in respect of the Statutory Demands. Thus, the Statutory Demands have been complied with and released as a result of the repayment of the indebtedness by the Company.

Cupac Finance Limited and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

APPOINTMENT OF RECEIVERS

As at the date of this announcement, PPIL and the Company are undergoing preliminary negotiations with HHHIL in respect of a settlement proposal concerning the Share Mortgage. However, no concrete agreement has been reached yet. The Company and PPIL have started providing information to the Receivers appointed by HHHIL in relation to the outstanding principal amount owed by the Company to HHHIL of approximately HK\$141 million, including interest, to facilitate discussions of a settlement.

RENTAL ISSUE

On 15 June 2006, the Landlord of the Company's previous principal office at Great Eagle Centre, Wanchai, Hong Kong served a writ of summons on the Company demanding payment of 2 months rental for the months of May and June 2006, air-conditioning charges and service charges amounting to a total of approximately HK\$224,000 and the return of possession of the property mesne profits. The writ of summons was only received by the Company on 19 June 2006 due to the relocation of the principal place of business of the Company in Hong Kong. The Landlord has obtained a judgment against the Company on 19 July 2006 for the recovery of the premises and payment of approximately HK\$224,000, being the outstanding rent payable, mesne profits at the rate of approximately HK\$115,000 per month from 1 July 2006 until the delivery up of the premises, and costs of HK\$1,550. The Company is arranging for the delivery up of the premises with the Landlord.

EXCLUSIVE GRANT FOR RIGHTS ISSUE EXERCISE

The Board announces that the Company has granted an exclusive right to Sunderland for a period of 3 months to arrange for a rights issue exercise by the Company to raise funds of approximately HK\$318 million.

In consideration of the grant of the exclusive right, Sunderland has paid a non interest bearing refundable deposit of HK\$10,000,000 to the Company.

The rights issue may or may not proceed and a further announcement will be made to keep Shareholders and investors informed of the foregoing as and when appropriate.

NOMINATION OF NON-EXECUTIVE CHAIRMAN

The Board also announces that Mr. Gary Drew Douglas has been nominated as the non-executive Chairman of the Board with effect from 16 June 2006.

Trading in the Shares of the Company was suspended at the request of the Company with effect from 9:36 a.m. on 3 January 2006 until further notice.

UPDATE ON STATUTORY DEMANDS

Reference is made to the announcement of the Company dated 8 June 2006 (the “**Announcement**”) in relation to the financial position of the Company. Terms used herein shall have the same meanings as defined in the Announcement.

Pursuant to a loan agreement entered into between Cupac Finance Limited and the Company (the “**Loan Agreement**”), a loan of HK\$75 million was obtained by the Company from Cupac Finance Limited to repay the indebtedness of HK\$62,871,024 and HK\$4,722,949 pursuant to the two statutory demands received on 6 June 2006 from Mr. Suen Cho Hung (the “**Statutory Demands**”). The Statutory Demands have been complied with and released as a result of the repayment of the relevant indebtedness by the Company.

Cupac Finance Limited and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The major terms of the Loan Agreement are as follows:

Parties to the

Loan Agreement : Cupac Finance Limited as Lender
Goldwiz Holdings Limited as Borrower
a Director and 2 executives of the Company as guarantors

Date of Agreement : 12 June 2006

Principle amount : HK\$75,000,000.00

Interest : 3.5% per month payable monthly

Maturity : 12 Months from date of drawing

- Security : a) a debenture and fixed and floating charges for all the assets of the Company;
- b) share charges on the shares of certain subsidiaries of the Company;
- c) a joint and several guarantee executed by a Director and 2 executives of the Company.

The joint and several guarantee executed by a Director and 2 executives of the Company under the Loan Agreement is considered a connected transaction exempt from the reporting, announcement and independent shareholders' approval requirement under Rule 14A.65(4) of the Listing Rules as it constitutes financial assistance provided by a connected person, for the benefit of the Company on normal commercial terms (or better to the Company) where no security over the assets of the Company is granted in respect of the financial assistance.

Cupac Finance Limited is principally engaged in the business of money lending and the Company is acquainted with Cupac Finance Limited through its chief operating officer.

The Directors, including the independent non-executive directors, consider the terms of the Loan Agreement to be fair and reasonable and in the interests of the Company and Shareholders as a whole.

APPOINTMENT OF RECEIVERS

As at the date of this announcement, PPIL and the Company are undergoing preliminary negotiations with HHHIL in respect of a settlement proposal concerning the Share Mortgage. However, no concrete agreement has been reached yet. The Company and PPIL have started providing information to the Receivers appointed by HHHIL in relation to the outstanding principal amount owed by the Company to HHHIL of approximately HK\$141 million, including interest, to facilitate discussions of a settlement..

The financial position of the Company is deteriorating due to the fact that the Company did not have a source of income during the previous months apart from the proceeds obtained from the disposal of interest in Techwayson Holdings Limited. In addition, the Company has incurred costs during May and June 2006 in relation to professional fees of approximately HK\$2.8 million for several matters including the Action (as defined in the announcement of the Company dated 29 May 2006) brought by Top Flying Investment Limited against the Company, the writs of summons served by creditors on the Company, legal opinions for the special general meeting held on 16 May 2006 and the relevant issues regarding the poll voting. In view of these reasons, the Directors are of the view that fund raising exercises should be arranged for the Company as soon as possible.

RENTAL ISSUE

On 15 June 2006, Moon Yik Co. Ltd, the landlord (the "**Landlord**") of the Company's previous principal office at Great Eagle Centre, Wanchai, Hong Kong, served a writ of summons on the Company demanding payment of 2 months rent for the months of May and June 2006, air-conditioning charges and service charges amounting to a total of approximately HK\$224,000, and the return of possession of the property mesne profits at the rate of approximately HK\$115,000 per month. The writ of summons was only received by the Company on 19 June 2006 due to the relocation of the principal place of business of the Company in Hong Kong. The Landlord has obtained a judgment on 19 July 2006 for the recovery of the premises and payment of approximately HK\$224,000, being the outstanding rent payable, mesne profits at the rate of approximately HK\$115,000 per month from 1 July 2006 until the delivery up of the premises, and costs of HK\$1,550. However, the total outstanding amount due to the Landlord as of the date of this announcement

is approximately HK\$350,850.57 which consists of the abovementioned HK\$224,000 payable for rental, management fees, air-conditioning charges, service fees and rates for May and June 2006, HK\$121,992.30 for rental, air-conditioning charges, service fees and rates for July 2006, plus legal costs of HK\$1,500 and estimated interest of HK\$3,358.27. The Company is arranging for the delivery up of the premises with the Landlord. The monthly rental for the Company's previous principal office amounted to HK\$91,968 per month. The Company does not consider that the judgment would have a material adverse effect on the financial position of the Company, as the deposit for 3 months' rental, air-conditioning and service charges amounting to approximately HK\$342,951.90 for the premises could be used to set-off the outstanding rent and mesne profits and costs.

EXCLUSIVE GRANT FOR RIGHTS ISSUE EXERCISE

Subsequent to the appointment of receivers by HHHIL in relation to the outstanding principal amount owed by the Company to HHHIL of approximately HK\$141 million in early June 2006, the Directors and members of the senior management of the Company have embarked on various methods of fund raising. Through a referral by the chief operating officer of the Company, the Company became acquainted with Sunderland Properties Limited ("**Sunderland**") and on 12 June 2006, Sunderland submitted its first proposal concerning the fund raising exercise to the Company, thus commencing the business relationship between the two parties. Sunderland initially proposed a fund raising exercise involving the issuance of 1.7 billion new Shares of the Company. Among the 1.7 billion new Shares, 700 million new Shares were to be issued to non-bank creditors and 1 billion new Shares were to be issued to Sunderland in order to raise HK\$100 million, of which HK\$61 million would be used for partial repayment of the Share Mortgage to HHHIL and the remaining HK\$39 million would be maintained as the working capital of the Company. As this first proposal did not provide for the subscription of new Shares by the existing Shareholders, it was rejected by the Company.

On 16 June 2006, the Company entered into a letter of intent (the "**Letter of Intent**") with Sunderland in relation to the grant of an exclusive right to Sunderland for a period of 3 months to arrange and procure two additional underwriters to underwrite a rights issue exercise for the Company to raise funds in the approximate amount of HK\$318 million before expenses and to assist the Company in negotiating the settlement plan with its creditors. This exclusive right represents the right granted by the Company to Sunderland during the 3 month period for the arrangement of the rights issue exercise and negotiation of a settlement plan with the Company's creditors.

The Directors are of the opinion that the Letter of Intent would provide all existing shareholders with a fair chance to subscribe for new Shares, help the Company to eradicate a portion of its existing debts and ease the immediate cash requirements for the payments of professional fees and daily operation expenses by providing the Company with more working capital.

In addition, the Directors consider that the grant of the exclusive right to Sunderland to arrange for the rights issue and the negotiation of a settlement plan is to enable Sunderland to assist the Company in sourcing for underwriters and negotiating with creditors. The Company has total liabilities amounting to approximately HK\$530 million and trading of its Shares has been suspended since 3 January 2006. The total liabilities of approximately HK\$530 million represents the estimated liabilities of the Company and its subsidiaries as of June 30, 2006. Per the unaudited interim results for the year ended 30 September 2005, the Company recorded a loss of approximately HK\$89 million. In light of these difficult circumstances facing the Company, and due to the fact that no other parties have shown interest in arranging the rights issue exercise, the Directors consider it to be in the best interests of the Company and Shareholders as a whole to enter into the Letter of Intent. The Board is also of the opinion that is a common market practice for an exclusive right to be granted in such circumstances.

No fees are payable by the Company to Sunderland for assisting the Company in negotiating a settlement plan. However, Sunderland will receive underwriting fees should a formal underwriting agreement be entered into at a later date. As Sunderland will receive underwriting fees pursuant to the formal underwriting agreement, which is expected to be signed on or before 16 September 2006, based upon arm's length negotiations between the Company and Sunderland, the Board considers it to be fair and reasonable and in the interests of the Company and Shareholders as a whole that no fees are to be paid to Sunderland for the negotiation of a settlement plan with the Company's creditors. The underwriting fees will be determined in accordance with the terms of the formal underwriting agreement which has yet to be finalised, however a further announcement will be issued by the Company once the formal underwriting agreement has been entered into.

The 3 month period shall commence on 16 June 2006 in order to allow Sunderland sufficient time to carry out due diligence and arrange for funds for the Company and was determined through arm's length negotiation between the Company and Sunderland. The funds raised by the Company through the rights issue exercise will be used for the repayment of debts owed by the Company to its creditors and will be allocated as part of the Company's general working capital. The rights issue exercise will be effected on the basis of 3 rights shares for each existing share held at the rights issue price of HK\$0.10 per rights share and shall be subject to Shareholders' approval as well as approval from regulatory authorities if required.

The rights issue price is determined with reference to the market value of the Shares and the unaudited net asset value ("NAV") per Share. As trading of the Company's Shares has been suspended since 3 January 2006, the trading price of the Shares on the last trading day does not reflect the actual value of the Shares. According to the unaudited NAV shown in the Company's interim report published on 30 September 2005 which amounted to HK\$18,691,000 and is calculated by deducting the total liabilities of the Company from its total assets, the unaudited NAV per Share is only HK\$0.017.

In consideration of the grant of the exclusive right, Sunderland has paid a non interest bearing refundable deposit (the "**Deposit**") of HK\$10,000,000 in cash to the Company on 19 June 2006. After reviewing the existing financial position of the Company, the market conditions and based on arm's length negotiations with Sunderland, the Directors consider the request for a Deposit to allow Sunderland to conduct due diligence to be fair and reasonable and in the interests of the Company and Shareholders as a whole. The due diligence has to be completed prior of the rights issue exercise and in order for the rights issue exercise to be completed successfully, Sunderland has to assist the Company in negotiating a settlement plan with the Company's creditors. Thus the rights issue, due diligence and negotiation of a settlement plan are not inter-conditional but are inter-related.

Pursuant to the grant, a formal underwriting agreement will be entered into between Sunderland, the Company and the underwriters at a later date.

In the event that Sunderland proceeds to sign a formal underwriting agreement with the underwriters and the Company, Sunderland will be required to subscribe for any rights shares under the formal underwriting agreement and the Deposit shall be dealt with in accordance with the terms of such agreement and shall be treated as part payment of the subscription price for the rights shares.

Should all the Shareholders be willing to subscribe for the rights shares, Sunderland will not be required to subscribe for any rights shares and the Deposit will be returned to Sunderland without interest upon written demand by Sunderland. The conditions of this subscription will be subject to the terms of the formal underwriting agreement which will be finalized at a later date.

Should the formal underwriting agreement fail to be signed on or before 16 September 2006, the Company shall return the Deposit to Sunderland without interest upon written demand by Sunderland.

Sunderland will be one of the underwriters, the other underwriters have yet to be determined and will be arranged by Sunderland at a later date.

Sunderland is a company incorporated in the British Virgin Islands in 1999 and Sunderland and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules). Sunderland is an investment holdings company which is ultimately owned by Mr. Chuang Yue-Chien. As Mr. Chuang Yue-Chien has a well established reputation in the corporate field, the Board is of the opinion that Mr. Chuang Yue-Chien and his team have the relevant expertise in the negotiation of settlement plan with the Company's creditors. Thus the appointment of Sunderland could speed up the restructuring process and enhance the Company's chances of accomplishing a successful restructuring exercise.

Based on arm's length negotiation between the Company and Sunderland and with reference to the current financial position of the Company, prevailing market conditions and the financing methods available to the Company, the Board confirms that the terms of the Letter of Intent are fair and reasonable and in the interest of the Company and Shareholders as a whole. In addition, the Board is of the opinion that the Letter of Intent will be beneficial to the Company as it will enable the Company to: (i) have additional short term working capital without any interest burden; (ii) work on a fund raising exercise to strengthen the capital base of the Company; (iii) engage in a fund raising exercise that will provide absolute preferential participation by existing Shareholders; and (iv) the Shareholders have the right to approve the rights issue exercise before the restructuring of the Company takes place.

The rights issue exercise is subject to the obtainment of the listing approval from The Stock Exchange of Hong Kong Limited and may or may not proceed. A further announcement will be made to keep Shareholders and investors informed of the foregoing as and when appropriate.

NOMINATION OF NON-EXECUTIVE CHAIRMAN

The Board also announces that Mr. Gary Drew Douglas has been nominated as the non-executive Chairman of the Board with effect from 16 June 2006.

SUSPENSION OF TRADING

Trading in the Shares of the Company was suspended at the request of the Company with effect from 9:36 a.m. on 3 January 2006 with further notice.

By order of the Board
Lo Oi Kwok, Sheree
Executive Director

Hong Kong, 27 July 2006

As of the date of this announcement, the Board of Directors of the Company comprises:

Executive Directors

Ms. Lo Oi Kwok, Sheree
Mr. Wong Man Hon, Frederick

Independent Non-executive Directors

Mr. Kwong Wai Tim, William
Mr. Shum Ming Choy, John
Mr. Gary Drew Douglas

** For identification purpose only*

Please also refer to the published version of this announcement in The Standard.