

# Gold-Face Holdings Limited

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## GOLD-FACE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

### ANNOUNCEMENT

The Company has entered into a non-binding proposal on 31 May 2003 with the Investor under which a subsidiary of the Investor will, upon the fulfillment of the conditions precedent, provide a term loan facility in the amount of HK\$50 million. The drawdown of the facility is conditional upon, among others, consent of the Receivers for the Aegean (愛琴灣) project to the resumption of construction works and the entering into the Option Agreement between the Lender and the Company pursuant to which the Company will grant to the Lender the Option to subscribe new shares in the Company representing 55% of the share capital of the Company as enlarged by such subscription for HK\$50 million.

**The transactions contemplated in the Proposal may or may not proceed.**

The Board also announces that Mr. Tai Chi Wah, a director of the Company, and Mr. Lim Hau Chun, a director of most of the subsidiaries of the Company have been charged with conspiracy to defraud on 29 May 2003. Both Mr. Tai and Mr. Lim were released on bail. The Board does not anticipate any material adverse impact on the Company's operations as a result of the charges against Mr. Tai and/or Mr. Lim.

At the request of the Company, trading in the Company's shares was suspended from 9:30 am on 19th May, 2003 and will remain suspended until further notice.

Reference is made to the announcements of the Company dated 21st May 2003, 26th May 2003 and 29th May, 2003 (the "Announcements"). Unless the context requires otherwise, terms defined in the Announcements shall have the same meanings in this announcement.

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The Board is committed to resolve the problems in respect of completion of the Aegean (愛琴灣) project. It has entered into a non-binding proposal (the “**Proposal**”) on 31 May 2003 with Karl Thomson Holdings Limited (the “**Investor**”), the securities of which are currently listed on The Stock Exchange. Pursuant to the Proposal, (i) a subsidiary of the Investor (the “**Lender**”) will, upon the fulfillment of the conditions precedent to be agreed and provided in the definitive agreements in respect of the Proposal, provide a term loan facility in the amount of HK\$50 million at an interest rate of 2.5% per month for completion of the Aegean (愛琴灣) project; and (ii) the Company will provide a guarantee and such other security to be agreed to as securities. The loan shall be repaid after 12 months of the first drawdown. The new funds under the Proposal would only be applied for the Aegean (愛琴灣) project. The Board currently considers that the loan of HK\$50 million will be sufficient for completion of the Aegean (愛琴灣) project. Should the Company require further financing to fund such project, the Board intends to secure the Lender or other investor(s) to provide the additional funds.

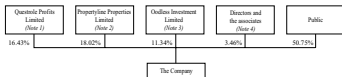
As far as the Board is aware, the Investor, its beneficial owner and the party(ies) acting in concert with them are independent of, not connected with, and not acting in concert with the Company, the directors, substantial shareholders and chief executives of the Company, its subsidiaries and their respective concert party(ies) and associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”)).

The drawdown of the facility is conditional upon, among others, consent of the Receivers for the Aegean (愛琴灣) project to the resumption of construction works and the entering into an agreement (the “**Option Agreement**”) between the Lender and the Company pursuant to which the Company will grant to the Lender an option (the “**Option**”) to subscribe new shares (“**Shares**”) in the Company representing 55% of the share capital of the Company as enlarged by such subscription for HK\$50 million and the Option shall be exercisable in part or in whole, prior to the full repayment of the outstanding loan, within 30 months from the grant of the Option. The outstanding loan shall be due and repayable immediately if the Option Agreement shall not become unconditional.

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The Option Agreement will be conditional upon, among others, the approval of the independent shareholders of the Company in a general meeting (with the controlling shareholders of the Company and their respective associates (as defined in the Listing Rules) and parties acting in concert with them abstaining from voting, if any) and the Executive Director of the Corporate Finance Division of the Securities and Futures Commission pursuant to Note 1 on Dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers exempting the Lender and parties acting in concert with it from the obligations to make a general offer for all the issued shares in the capital of the Company not already owned by the Lender and parties acting in concert with it as a result of the issue of shares pursuant to the exercise of the Option (“Whitewash Waiver”). The loan shall be due and repayable immediately and the Option Agreement shall become void and of no further effect if the Lender fails to obtain the approval of the independent shareholders on the Whitewash Waiver.

## 1. The present shareholding structure of the Company



## 2. The shareholding structure of the Company immediately after the full exercise of the Option



Note 1 Questrole Profits Limited, a company incorporated in the British Virgin Islands, 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.

Note 2 Propertyline Properties Limited, a company incorporated in the British Virgin Islands, is beneficially owned by a discretionary trust, the discretionary objects of which include Mr. Tai Chi Wah and his family members.

Note 3 Oodless Investment Limited, a company incorporated in Hong Kong is beneficially owned by the spouse of Madam Tai Seow Yoke Peng.

Note 4 Those shares are held by the Directors and their associates, as to 27,586,000 shares by Tai Chi Wah, 1,690,000 shares by Tai Chin Wah, 1,490,000 shares by Tai Seow Yoke Ping, 1,518,000 shares by Tai Kuen, 120,000 shares by Poon Chi Fai and 120,000 shares by Wan Tai Min, Tommy.

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The public will hold approximately 22.84% of the then issued share capital of the Company upon completion of the exercise of the Option in full. Appropriate steps will be taken to ensure that sufficient public float as required under the Listing Rules will be restored as soon as practicable following the full exercise of the Option.

**The Stock Exchange has stated that if less than 25% of the Shares are in public hands following the completion of the exercise of the Option in full or if the Stock Exchange believes that:–**

- (a) a false market exists or may exist in the trading of the Shares; or**
  - (b) there are insufficient Shares in public hands to maintain an orderly market;**
- it will consider exercising a discretion to suspend trading in the Shares.**

The parties to the Proposal aim to enter into definitive agreements in respect of the Proposal and the Option Agreement on or before 30 June, 2003. **The transactions contemplated in the Proposal may or may not proceed.** The Company has undertaken with the Investor that during such period, it will not negotiate and/or enter into any arrangement or agreement in respect of the transactions similar to those contemplated under the Proposal unless the Receivers for the Aegean (愛琴灣) project object to the Proposal. Further announcement will be made upon the execution of the definitive agreements in respect of the Proposal and the Option Agreement.

The Board also wishes to reiterate its commitment to resolve the problem of the Villa Pinada (茵翠豪庭) project. The Board will continue its efforts to secure new investor(s) to provide new funds for completion of Villa Pinada (茵翠豪庭).

The Board also announces that:–

1. Mr. Tai Chi Wah (“**Mr. Tai**”), a director of the Company, and Mr. Lim Hau Chun (“**Mr. Lim**”), a director of most of the subsidiaries of the Company have been charged with conspiracy to defraud on 29 May 2003. Both Mr. Tai and Mr. Lim were released on bail;
2. no director or senior management staff of the Company has been charged, arrested or detained apart from Mr. Tai and Mr. Lim;
3. as the Company currently has 5 directors (including one independent non-executive director), the Board does not anticipate any material adverse impact on the Company’s management and operations as a result of the charges against Mr. Tai and/or Mr. Lim;
4. no director has resigned from the Board apart from Mr. Wong Po Lung, John and Mr. Liu Chun Ning, Wilfred as stated in the announcement dated 21 May 2003;
5. the Board will appoint one more independent non-executive director of the Company as soon as possible; and

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6. the Board will engage an international independent accounting firm to provide a report of the use of proceeds in respect of the Villa Pinada (茵翠豪庭) and the Aegean (愛琴灣) projects this week and is in the process of considering the fee quotations of two accounting firms .

At the request of the Company, trading in the Company's shares was suspended from 9:30 am on 19th May, 2003 and will remain suspended until further notice.

By Order of the Board of  
**GOLD-FACE HOLDINGS LIMITED**  
**Poon Chi Fai**  
*Director*

Hong Kong, 3 June, 2003

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

Please also refer to the published version of this announcement in The Standard dated on 05-06-2003.