GUOCANG GROUP LIMITED

國藏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 559)

DISCLOSEABLE TRANSACTION RELATING TO THE PROVISION OF LOAN

The Board announced that on 18 May 2015 (after trading hours), the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender has agreed to lend to the Borrower a loan of HK$102,000,000 for a period from the date of drawdown to 26 August 2015 at an interest rate of 18% per annum. The loan is secured by the Guarantee, the CB Charge, the Share Charge and the Negative Undertaking.

As the relevant applicable percentage ratios in respect of the Loan are more than 5% but less than 25%, the provision of the Loan constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

THE LOAN AGREEMENT

Date	:	18 May 2015 (after trading hours)
Lender	:	Cash Stand Investments Limited, an indirect wholly-owned subsidiary of the Company
Borrower	:	Wise Concept Enterprises Inc., an independent third party

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower is an independent third party not connected with the Company and connected persons of the Company.

Principal terms of the Loan Agreement

Amount of the Loan	:	HK$102,000,000
Term	:	From date of drawdown to 26 August 2015
Interest	:	18% per annum
Repayment	:	The outstanding principal amount of the Loan shall be repaid on 26 August 2015 Interest on the outstanding amount of the Loan shall be payable by 26 August 2015 through deducting the interest out of the proceeds of the Loan
Security	:	The Guarantee, the CB Charge, the Share Charge and the Negative Undertaking

The terms of the Loan Agreement were arrived at after arm's length negotiations between the Lender and the Borrower. The Lender is a registered money lender holding a valid money lenders licence under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) and is principally engaged in the business of money lending service.

The terms of the Loan Agreement were determined with reference to the normal commercial practice and the terms of conducting money lender business in Hong Kong. The Loan will be funded from internal resources of the Group. The Directors consider that the transactions contemplated under the Loan Agreement are on normal commercial terms and the terms of the Loan Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole having considered the prevailing market borrowing rates quoted by commercial banks in Hong Kong.

Information on the Group

The Group is principally engaged in the businesses of trading and distribution of liquor and wine, investments in listed securities and provision of money lending services.

Information on the Borrower

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the principal activities of the Borrower is investment holding and the Guarantor is a merchant and an independent third party. The major assets of the Borrower is its interest in the Convertible Bonds.

Reasons for provision of the Loan

The Loan will provide interest income to the Lender and will be recorded as loan receivables of the Group.

The Directors consider that the provision of the Loan will result in a reasonable interest return to the Group. The Directors consider that the provision of the Loan is in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant applicable percentage ratios in respect of the provision of the Loan are more than 5% but less than 25%, the provision of the Loan constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

"Board"	the board of Directors
"Borrower"	Wise Concept Enterprises Inc., a company incorporated under the laws of the British Virgin Islands with limited liability
"CB Charge"	the charge of the Convertible Bonds executed by the Borrower in favour of the Lender in relation to the charge of the Convertible Bonds as security for the Loan
"Company"	Guocang Group Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the main board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Convertible Bonds"	means the zero coupon convertible bonds due 26 August 2015 issued by Harmonic Strait in a principal amount of HK$102,000,000, whereby the holder thereof has the rights to convert the whole or any part of the outstanding principal into ordinary shares of Harmonic Strait at a conversion price of HK$1.25 per ordinary share of Harmonic Strait (subject to adjustments)
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Guarantee"	a personal guarantee executed by the Guarantor dated 18 May 2015 in favour of the Lender to secure the payment obligations of the Borrower under the Loan Agreement
"Guarantor"	Mr. Zhou Wei 周偉, the sole shareholder and director of the Borrower, an independent third party

"Harmonic Strait"	Harmonic Strait Financial Holdings Limited (formerly known as Rainbow Brothers Holdings Limited), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 33)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Lender"	Cash Stand Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Loan"	the term loan in the amount of HK$102,000,000 granted by the Lender to the Borrower pursuant to the terms of the Loan Agreement
"Loan Agreement"	the loan agreement dated 18 May 2015 entered into between the Lender and the Borrower relating to the granting of the Loan
"Negative Undertaking"	the negative undertaking executed by the Borrower in favour of the Lender
"Share Charge"	the share charge executed by the Guarantor in favour of the Lender in relation to the charge of the entire issued share of the Borrower as security for the Loan
"Share(s)"	ordinary share(s) of HK$0.05 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.

By order of the Board
Guocang Group Limited
Wong Hin Shek
Chairman and Executive Director

Hong Kong, 18 May 2015

As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek and Mr. Chi Chi Hung Kenneth; and the independent non-executive Directors are Mr. Chiu Wai On, Mr. Man Kwok Leung and Dr. Wong Yun Kuen.