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## **HANG FUNG GOLD TECHNOLOGY LIMITED**

**恒豐金業科技有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 870)

### **CONTINUING CONNECTED TRANSACTIONS**

On 15 November 2007, Hang Fung, a subsidiary of the Company entered into the New Tenancy Agreements with each of Glory Hill and Skyman, to renew the Original Tenancy Agreements for the rental of the Properties.

As both Glory Hill and Skyman are wholly-owned by Mr. Lam, they are associates of a Director. Hence, the New Tenancy Agreements constitute continuing connected transactions of the Company under the Listing Rules. Since the total annual rental payable in respect of the New Tenancy Agreements and the transactions disclosed in the Announcements represent less than 2.5% of the applicable percentage ratios in respect of the Company, no independent shareholders' approval of those agreements is required pursuant to Rule 14A.34 of the Listing Rules. Details of the New Tenancy Agreements will be included in the annual report and accounts of the Company of each of the relevant financial years in accordance with Rule 14A.46 of the Listing Rules.

Reference is made to the announcement of the Company dated 5 October 2004 in relation to the Original Tenancy Agreements which expired on 14 November 2007. On 15 November 2007, Hang Fung, a wholly-owned subsidiary of the Company entered into the New Tenancy Agreements described below, with each of Glory Hill and Skyman to renew the Original Tenancy Agreements.

#### **A. THE NEW TENANCY AGREEMENTS**

The New Tenancy Agreements contain substantially the same terms, save for the rental amount. The principal commercial terms of the New Tenancy Agreements are set out below:-

Date: 15 November 2007

#### **Parties**

1. Glory Hill and Skyman as landlords
2. Hang Fung as tenant

#### **Premises**

1. Unit A on Ground Floor and Private Car Parking Space No. 18 on the Basement, Winner Building, Nos. 32, 32A and 34-40 Man Yue Street, Nos. 25-37 Tai Wan Road, Hung Hom, Kowloon
2. Units H and K and Flat Roof K on 2nd Floor and Private Car Parking Space Nos. G17, G19 and G21 on Ground Floor, Kaiser Estate, 2nd Phase, Nos. 47-53 Man Yue Street, Nos. 20-28 Man Lok Street, Hung Hom, Kowloon

### **Term**

For a period of three years commencing from 15 November 2007 to 14 November 2010.

### **Rental**

#### Winner Building Premises

HK\$1,230,000 per annum (HK\$102,500 per month) (exclusive of rates, government rent and management fees) for the term of three years which represents no discount to the market rental of the Properties as valued by DTZ Debenham Tie Leung Limited as at 14 November 2007.

#### Second Kaiser Estate Premises

HK\$1,254,000 per annum (HK\$104,500 per month) (exclusive of rates, government rent and management fees) for the term of three years which represents no discount to the market rental of the Properties as valued by DTZ Debenham Tie Leung Limited as at 14 November 2007.

The rent for each of the Properties is to be paid in cash on a monthly basis.

The leases of the Properties were determined after arm's length negotiations between the parties to the New Tenancy Agreements and by reference to the prevailing market rent for similar properties (eg. with respect to floor space and age of the building) in the vicinity as confirmed by DTZ Debenham Tie Leung Limited.

### **Annual Caps**

With the signing of the New Tenancy Agreements, the Group currently has a total of 5 subsisting tenancy agreements with its connected persons as the landlords to those tenancy agreements are all companies either wholly owned by Mr. Lam or wholly owned by Mr. Lam and Ms. Chan. As the New Tenancy Agreement and the tenancy arrangements disclosed in the Announcements all subsisted within a 12-month period since 15 November 2007 (being the date of the New Tenancy Agreements), the Annual Cap for the rental payable thereunder pursuant to Rule 14A.25 of the Listing Rules for each of the three financial years ending 31st March 2008, 2009 and 2010 is HK\$3,734,400, HK\$3,990,000 and HK\$2,484,000 respectively, which is less than 2.5% of each of the applicable percentage ratios in respect of the Company.

The table below shows the date on which each of the existing tenancy was announced, the parties to such arrangements, the premises to which it relates, the current rental per annum payable and the applicable annual caps for each of the three financial years ending 31st March 2008, 2009 and 2010 as announced by the Company on 3rd June 2005, 12th September 2005, 2nd November 2006 and this announcement.

Date of Announcement	Parties	Description of the premises	Approx. saleable area (sq.ft)	Rental per annum (Note 1) HK\$	Term	Annual Caps (Note 1) (rental payable)		
						Year ending 31/03/2008 HK\$	Year ending 31/03/2009 HK\$	Year ending 31/03/2010 HK\$
03/06/2005	Sky Rich as landlord and Hang Fung as tenant	Third Kaiser Estate Premise	6,267	600,000	3 years from 01/06/2005 to 31/05/2008	600,000	100,000 (Note 2)	N/A
12/09/2005	Sky Rich as landlord and Hang Fung as tenant	First Kaiser Estate Premises	10,664	1,500,000	3 years from 01/12/2005 to 30/11/2008	1,500,000	1,000,000 (Note 2)	N/A
2/11/2006	Sky Rich as landlord and Hang Fung as tenant	Fourth Kaiser Estate Premise	5,772	696,000	2 years from 01/11/2006 to 31/10/2008	696,000	406,000 (Note 2)	N/A
This announcement	Glory Hill and Skyman as landlords and Hang Fung as tenant	Winner Building Premises Second Kaiser Estate Premises	5,026 9,881 (excl. car parking space)	1,230,000 1,254,000	3 years from 15/11/2007 to 14/11/2010	464,667 (Note 2) 473,733 (Note 2)	1,230,000 1,254,000	1,230,000 1,254,000
<b>Annual Caps</b>						<b>3,734,400</b>	<b>3,990,000</b>	<b>2,484,000</b>

Note 1: The Annual Caps represent the actual rental currently paid and to be paid by the Group for the above premises.

Note 2: These cap amounts are apportioned by reference to the actual rental to be paid by the Group during the relevant financial year in accordance with the term of the relevant tenancy.

## B. REASONS FOR CONTINUING CONNECTED TRANSACTION

The Group has leased the Properties under the Original Tenancy Agreements since 15 November 2004 and has been using them as part of its exhibition hall and offices. The New Tenancy Agreements ensures immediate continuity in the use of its operating premises and

avoids disruption to operations which relocation will inevitably entail. The Directors (including the independent non-executive Directors) consider the New Tenancy Agreements to be in the interests of the Company and its shareholders as a whole, and that their terms are fair and reasonable.

### **C. GENERAL**

The Company is an investment holding company and its subsidiaries are principally engaged in the design, manufacture and selling of a broad range of gold products, other precious metal products and jewellery products.

Glory Hill and Skyman are property investment companies which hold the Properties.

As Glory Hill and Skyman are wholly owned by Mr. Lam, they are associates of a Director. Hence, entering into the New Tenancy Agreements will constitute continuing connected transactions of the Company under the Listing Rules. As each of the percentage ratios for the New Tenancy Agreements and the aggregate of the New Tenancy Agreements and the transactions disclosed in the Announcements is less than 2.5%, no independent shareholders' approval of those agreements is required pursuant to Rule 14A.32 and Rule 14A.34 of the Listing Rules. Details of the New Tenancy Agreements will be included in the annual report and accounts of the Company of each of the relevant financial years in accordance with Rule 14A.46 of the Listing Rules.

As at the date of this announcement, the executive directors of the Company are Mr. Lam Sai Wing, Ms. Chan Yam Fai, Jane, Ms. Ng Yee Mei, Mr. Yeung Hon Yuen and Mr. Kuang Hao Kun, Giovanni, the non-executive director is Mr. Wong Kwong Chi and the independent non-executive directors are Mr. Lee Kok Keung, Mr. Liu Ngai Wing, Mr. Lui Sun Wing and Mr. Lou Ping Ho.

### **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:-

“Announcements”	the announcements of the Company dated 3rd June 2005, 12th September 2005 and 2 November 2006 in respect of continuing connected transactions;
“Annual Cap”	The maximum annual rental payable by the Group under the New Tenancy Agreement and the tenancy arrangements disclosed in the Announcements for each of the three financial years ending 31st March 2008, 2009 and 2010, being HK\$3,734,400, HK\$3,990,000 and HK\$2,484,000 respectively;
"Board"	the board of Directors of the Company;
"Company"	Hang Fung Gold Technology Limited, a company incorporated in Bermuda and the shares of which are listed

	on the Stock Exchange;
"Director(s)"	the director(s) of the Company;
"First Kaiser Estate Premises"	Units J, K and L on Ground Floor of the Kaiser Estate Phase II;
"Fourth Kaiser Estate Premise"	Unit A on 1st Floor of the Kaiser Estate Phase I;
“Glory Hill”	Glory Hill Limited, a company incorporated in Hong Kong and which is wholly-owned by Mr. Lam;
"Group"	the Company and its subsidiaries;
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hang Fung"	Hang Fung Jewellery Company Limited, a company incorporated in Hong Kong and which is a wholly-owned subsidiary of the Company;
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC;
"Independent Third Party"	person who, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is third party independent of the Company and of the connected persons of the Company as defined in the Listing Rules;
“Kaiser Estate Phase I”	Kaiser Estate Phase I, Nos. 37-45 Man Yue Street, Hunghom, Kowloon, Hong Kong;
“Kaiser Estate Phase II”	Kaiser Estate Phase II, Nos. 47-53 Man Yue Street and Nos. 20-28 Man Lok Street, Hunghom, Kowloon, Hong Kong;
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange;
"Mr. Lam"	Lam Sai Wing, an executive Director and substantial shareholder of the Company;
"Ms. Chan"	Chan Yam Fai Jane, an executive Director, is the wife of Mr Lam Sai Wing
"New Tenancy Agreements"	the tenancy agreements entered into between (i) Hang Fung and Glory Hill and (ii) Hang Fung and Skyman on 15 November 2007 pursuant to which Hang Fung take up the tenancy of the Properties for a period of three years commencing from 15 November 2007 at an aggregate rental

	of HK\$207,000 per month;
"Original Tenancy Agreements"	the tenancy agreements entered into between (i) Hang Fung and Glory Hill and (ii) Hang Fung and Skyman on 30 September 2004 pursuant to which Hang Fung took up the tenancy of the Properties for a period of three years commencing from 15 November 2004 at an aggregate rental of HK\$165,000 per month;
"PRC"	the People's Republic of China;
"Properties"	The Winner Building Premises and the Second Kaiser Estate Premises;
"Second Kaiser Estate Premises"	Units H and K and Flat Roof K on 2nd Floor and Private Car Parking Space Nos. G17, G19 and G21 on Ground Floor of the Kaiser Estate Phase II;
"Skyman"	Skyman Limited, a company incorporated in Hong Kong and which is wholly-owned by Mr. Lam;
"Sky Rich"	Sky Rich Enterprises Limited, a company incorporated in Hong Kong and which is owned as to 50% by Mr. Lam and 50% by Ms. Chan;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Third Kaiser Estate Premise"	Unit G on 1st Floor of the Kaiser Estate Phase II; and
"Winner Building Premises"	Unit A on Ground Floor and Private Car Parking Space No. 18 on the Basement, Winner Building, Nos. 32, 32A and 34-40 Man Yue Street, Nos. 25-37 Tai Wan Road, Hung Hom, Kowloon, Hong Kong.

By order of the board  
**Hang Fung Gold Technology Limited**  
Wu Ying Keung  
*Company Secretary*

Hong Kong, 16 November 2007

*\* For identification purpose only*