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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 1 March 2008, Hang Fung, a subsidiary of the Company entered into the Tenancy Agreement with Central Point, for the rental of the Fifth Kaiser Estate Premise.

As Central Point is wholly-owned by Mr. Lam, an executive Director and substantial shareholder of the Company, Central Point is therefore a connected person of the Company within the meaning of the Listing Rules. Hence, the Tenancy Agreement constitutes a continuing connected transaction of the Company under the Listing Rules. Since the total annual rental payable in respect of the Tenancy Agreement and other tenancy arrangements 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 Tenancy Agreement 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.

On 1 March 2008, Hang Fung, a wholly-owned subsidiary of the Company entered into the Tenancy Agreement described below, with Central Point for the rental of the Fifth Kaiser Estate Premise.

#### **A. THE TENANCY AGREEMENT**

The principal commercial terms of the Tenancy Agreement are set out below:-

Date: 1 March 2008

#### **Parties**

1. Central Point as landlord
2. Hang Fung as tenant

#### **Office premise**

1. Unit L, 1/F., Kaiser Estate, 2<sup>nd</sup> Phase, No. 47-53 Man Yue Street, Nos 20-28 Man Lok Street, Kowloon

## **Term**

For a period of two years and eight months commencing from 1 March 2008 to 31 October 2010.

## **Rental**

### Fifth Kaiser Estate Premise

HK\$1,188,000 per annum (HK\$99,000 per month) (exclusive of rates, government rent and management fees) for the term of two years and eight months which represents no discount to the market rental of the Premises as valued by DTZ Debenham Tie Leung Limited as at 29 February 2008.

The rent for the Fifth Kaiser Estate Premise is to be paid in cash on a monthly basis.

The lease of the Fifth Kaiser Estate Premise was determined after arm's length negotiations between the parties to the Tenancy Agreement 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 Tenancy Agreement, 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 Tenancy Agreement and the tenancy arrangements disclosed in the Announcements all subsisted within a 12-month period since 1 March 2008 (being the date of the Tenancy Agreement), the Annual Cap for the rental payable thereunder pursuant to Rule 14A.25 of the Listing Rules for each of the four financial years ending 31st March 2008, 2009, 2010 and 2011 is HK\$3,695,555, HK\$3,948,000, HK\$2,442,000 and HK\$1,473,267 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 tenancy was announced, the parties to such arrangements, the premises to which it relates, the rental per annum payable and the applicable annual caps for each of the four financial years ending 31st March 2008, 2009, 2010 and 2011 as announced by the Company on 3 June 2005, 12 September 2005, 2 November 2006, 16 November 2007 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\$ | Year ending 31/03/2011 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                         | 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                         | 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                         | N/A                         |
| 16/11/2007           | Glory Hill and Skyman as landlords and Hang Fung as tenant | Winner Building Premises                                | 5,026                         | 1,230,000                      | 3 years from 15/11/2007 to 14/11/2010            | 326,822 (Note 3)                      | N/A (Note 3)                | N/A (Note 3)                | N/A (Note 3)                |
|                      |  | Second Kaiser Estate Premises (excl. car parking space) | 9,881                         | 1,254,000                      |  | 473,733 (Note 2)                      | 1,254,000                   | 1,254,000                   | 780,267 (Note 2)            |
| This announcement    | Central Point as landlord and Hang Fung as tenant          | Fifth Kaiser Estate Premise                             | 7,940                         | 1,188,000                      | 2 years and 8 months from 1/3/2008 to 31/10/2010 | 99,000 (Note 2)                       | 1,188,000                   | 1,188,000                   | 693,000 (Note 2)            |
| <b>Annual Caps</b>   |  |   |                               |                                |  | <u>3,695,555</u>                      | <u>3,948,000</u>            | <u>2,442,000</u>            | <u>1,473,267</u>            |

*Note 1: The Annual Caps represent the actual rental and license fees 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.*

*Note 3: This is the actual rental paid by the Group for the premise from 15 November 2007 to 19 February 2008. The tenancy agreement has been terminated pursuant to a termination agreement dated 19 February 2008. As announced by the Company on 16 November 2007, the annual caps in respect of this tenancy were stated as HK\$464,667, HK\$1,230,000 and HK\$1,230,000 for each of the three financial years ending 31st March 2008, 2009 and 2010.*

## **B. REASONS FOR CONTINUING CONNECTED TRANSACTION**

The Tenancy Agreement facilitates the Group in relocating part of its existing office premises to the Fifth Kaiser Estate Premise and facilitates future expansion of the Company. The Directors (including the independent non-executive Directors) consider the Tenancy Agreement 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.

Central Point is a property investment company which holds the Fifth Kaiser Estate Premise.

As Central Point is wholly-owned by Mr. Lam, an executive Director and substantial shareholder of the Company, Central Point is therefore a connected person of the Company within the meaning of the Listing Rules. Hence, entering into the Tenancy Agreement will constitute continuing connected transactions of the Company under the Listing Rules. As each of the percentage ratios for the Tenancy Agreement and the aggregate of the Tenancy Agreement 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 Tenancy Agreement 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 3 June 2005, 12 September 2005, 2 November 2006 and 16 November 2007 in respect of continuing connected transactions;   |
| “Annual Caps”   | The maximum annual rental payable by the Group under the Tenancy Agreement and the tenancy arrangements disclosed in the Announcements for each of the four financial years ending 31st March 2008, 2009, 2010 and 2011, being HK\$3,695,555, HK\$3,948,000, HK\$2,442,000 and HK\$1,473,267 respectively; |

|                                |   |
|--------------------------------|---|
| "Board"                        | the board of Directors of the Company;  |
| "Central Point"                | Central Point Investment Limited, a company incorporated in Hong Kong and which is wholly-owned by Mr. Lam;   |
| "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;   |
| "Fifth Kaiser Estate Premise"  | Unit L on 1st Floor of the Kaiser Estate Phase II;  |
| "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;   |
| "PRC"                           | the People's Republic of China;   |
| "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;  |
| "Tenancy Agreement"             | the tenancy agreement entered into between (i) Hang Fung and Central Point on 1 March 2008 pursuant to which Hang Fung take up the tenancy of the Fifth Kaiser Estate Premise for a period of two years and eight months commencing from 1 March 2008 at an aggregate rental of HK\$99,000 per month; |
| "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, Hunghom, Kowloon, Hong Kong.  |

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

Hong Kong, 3 March 2008

*\* For identification purpose only*