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**(formerly known as Hang Fung Gold Technology Limited**

**恒豐金業科技有限公司\*)**

**(Provisional Liquidators Appointed)**

*(incorporated in Bermuda with limited liability)*

(Stock Code: 870)

**(1) PROPOSED RESTRUCTURING OF THE COMPANY WITH  
HONG KONG RESOURCES HOLDINGS COMPANY LIMITED**

**AND**

**(2) POSSIBLE VERY SUBSTANTIAL DISPOSAL**

**THE RESTRUCTURING**

The Provisional Liquidators are pleased to announce that the Company, the Provisional Liquidators and the Investor entered into the Agreement on 23 December 2008, which sets out the terms and conditions of the restructuring proposal and conditions for implementation of the restructuring proposal through schemes of arrangement. The Completion is subject to the fulfillment of the Initial Condition. Completion itself shall then take place by way of either Completion with Share Issue or Completion with Share Transfer (as further described below).

**THE AGREEMENT**

Pursuant to the Agreement and subject to the fulfillment of the Initial Condition and, if applicable, further conditions as detailed below, it was agreed that the Investor shall acquire

either:

- (1) the Restructured Group other than the Company and Macadam if Completion with Share Transfer is to take place (i.e. the equity interests in the Restructured Group other than the Company and Macadam); or
- (2) the Subscription Shares and the Preference Shares following the Capital Restructuring if Completion with Share Issue is to take place (i.e. the indirect equity interests in the Restructured Group and for avoidance of doubt, including the Company and Macadam).

Pursuant to the terms of the Agreement, the Provisional Liquidators have the absolute discretion to give notice to the Investor that, subject to fulfillment of the Initial Condition, Completion with Share Transfer is to take place and that the Company is to be retained with the Excluded Companies, such that the Investor shall not acquire a shareholding interest in the Company. The Provisional Liquidators' current intention is that they would require Completion with Share Transfer, notwithstanding satisfaction of all the conditions precedent to the Agreement, if in their view there remain any Rights Against Third Parties which (i) cannot be effectively assigned by the Company to a nominee directed by the Provisional Liquidators; and (ii) are likely to produce a return to creditors of the relevant members of the Group of an amount not less than, and likely to exceed, the Listing Value. A further announcement will be made when the Provisional Liquidators decide to exercise such discretion.

In the event that the Provisional Liquidators do not exercise their absolute discretion to retain the Company along with the Excluded Companies and if the listing status of the Company can be successfully resumed and all the conditions precedent provided in the Agreement fulfilled, Completion with Share Issue shall take place. It is expected that the parties to the Agreement will enter into the Subscription Agreement after fulfillment of the Initial Condition. Further details of the Capital Restructuring and the Subscription Agreement will be disclosed in a separate announcement, as and when necessary and appropriate.

Subject to the Provisional Liquidators' discretion, if all conditions precedent in the Agreement are fulfilled, Completion with Share Issue shall take place on the fifth Business Day following the day on which the last of such conditions is fulfilled (or such other date as may be agreed by the parties in writing). The absolute discretion of the Provisional Liquidators to retain the Company should be exercised by the Provisional Liquidators, if considered appropriate by the Provisional Liquidators, before the date of Completion. The exact timing is subject to the Provisional Liquidators' discretion.

**If any of the further conditions in the Agreement is not fulfilled on or before Second Long Stop Date (or, if applicable, the extended deadline) or if all the conditions are fulfilled but the Provisional Liquidators in their absolute discretion give such notice to the Investor, Completion with Share Transfer shall take place on the fifth Business Day following the day that the Investor receives such notice.**

## **POSSIBLE WHITEWASH WAIVER**

If Completion with Share Transfer is to take place in accordance with the Agreement, no Existing Shares and/or New Shares will be purchased by and/or issued to the Investor and there will be no obligation on the part of the Investor to make a general offer to the holders of the Existing Shares.

If Completion with Share Issue is to take place, the Investor will subscribe for the Subscription Shares and Preference Shares (but, for avoidance of doubt, no Existing Shares will be purchased by the Investor). The Investor will own 30% or more of the voting rights of the Company upon completion of the said subscription and there will be an obligation on the part of the Investor to make a general offer to the holders of the Existing Shares upon completion of the subscription of Subscription Shares. It is one of the conditions of the Agreement for Completion with Share Issue that the Whitewash Waiver be granted by the Executive and approved by the independent holders of the Existing Shares at the Special General Meeting. If the Whitewash Waiver is not granted by the Executive or not approved by the independent holders of the Existing Shares, the parties will proceed with the Completion with Share Transfer and the Provisional Liquidators shall give notice to the Investor of the same. Accordingly, as disclosed in the HRH Announcement, an application will be made to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the independent holders of the Existing Shares at the Special General Meeting by way of poll.

**Shareholders of the Company should be advised that the entering into of the Subscription Agreement and Completion with Share Issue may or may not proceed as Completion with Share Issue is subject to fulfillment of the further conditions as set out below and thereafter at the absolute discretion of the Provisional Liquidators.**

**The Company and the Provisional Liquidators will respectively comply with all applicable rules of the Takeovers Code, including publishing further announcements relating to the details of the Subscription Agreement and the Whitewash Waiver, as and when necessary and appropriate.**

## **IMPLICATION OF THE LISTING RULES**

If Completion with Share Transfer is to take place, the Restructured Group other than the Company and Macadam will be disposed of, and the Acquisition therefore constitutes a possible very substantial disposal for the Company under Chapter 14 of the Listing Rules.

If Completion with Share Issue is to take place, the Excluded Companies will be transferred in order to be held directly or indirectly by a nominee for the benefit of creditors under the Scheme(s). It may or may not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

## **GENERAL**

Completion of the Agreement is subject to the satisfaction of the Initial Condition. The release of this announcement is not an indication that the restructuring proposal will be completed or trading of the Shares will be resumed. Trading of the Shares has been suspended at the request of the Company since 30 September 2008 and will remain suspended until further notice.

## **LISTING STATUS OF THE COMPANY**

At the request of the Company, trading in the Shares has been suspended since 30 September 2008 and remains suspended.

## **INTRODUCTION**

On 17 October 2008, Messrs. Darach Haughey, Yeung Lui Ming and Edmond Wah Bon Ching of Deloitte Touche Tohmatsu of 35th Floor, One Pacific Place, 88 Queensway, Hong Kong, were appointed as joint and several provisional liquidators of the Company by the High Court of Hong Kong.

Following their appointment, the Provisional Liquidators carried out a search for potential investors, including by way of advertisement in certain local newspapers and one overseas newspaper. This process culminated in several interested parties being invited to submit final offer forms by 5pm on Monday 15 December 2008. The Provisional Liquidators reviewed the documents submitted by the interested parties and, where necessary, sought further clarification and explanations and received further documents. Reference is made to the announcement dated 14 December 2008 issued by HRH in relation to the proposed acquisition of the interests in the Restructured Group by the Investor, a subsidiary of HRH. After carefully reviewing and considering the documents, explanations and clarifications received, the current financial position of the Company, the commercial and other aspects of the proposals from potential investors, including but not limited to the recovery by creditors and the time required to implement the proposals, the Provisional Liquidators considered that the proposal received from the Investor represented the best option available to the Company and its stakeholders at that time.

## **RESTRUCTURING AGREEMENT**

The Provisional Liquidators are pleased to announce that the Company, the Provisional Liquidators and the Investor entered into the Agreement on 23 December 2008, which sets out the terms and conditions of the restructuring proposal and conditions for implementation of the restructuring proposal through schemes of arrangement. Completion is subject to the fulfillment

of the Initial Condition set out below. It has been acknowledged by the parties to the Agreement that further agreements supplemental to the Agreement may be entered into among the parties to the Agreement for the purpose of implementing the restructuring proposal.

## **THE AGREEMENT**

**Date:** 23 December 2008

**Parties:** The Company, the Provisional Liquidators and the Investor

Pursuant to the Agreement which is legally-binding and subject to the fulfillment of the Initial Condition and, if applicable, further conditions as detailed below, it was agreed that the Investor shall acquire either:

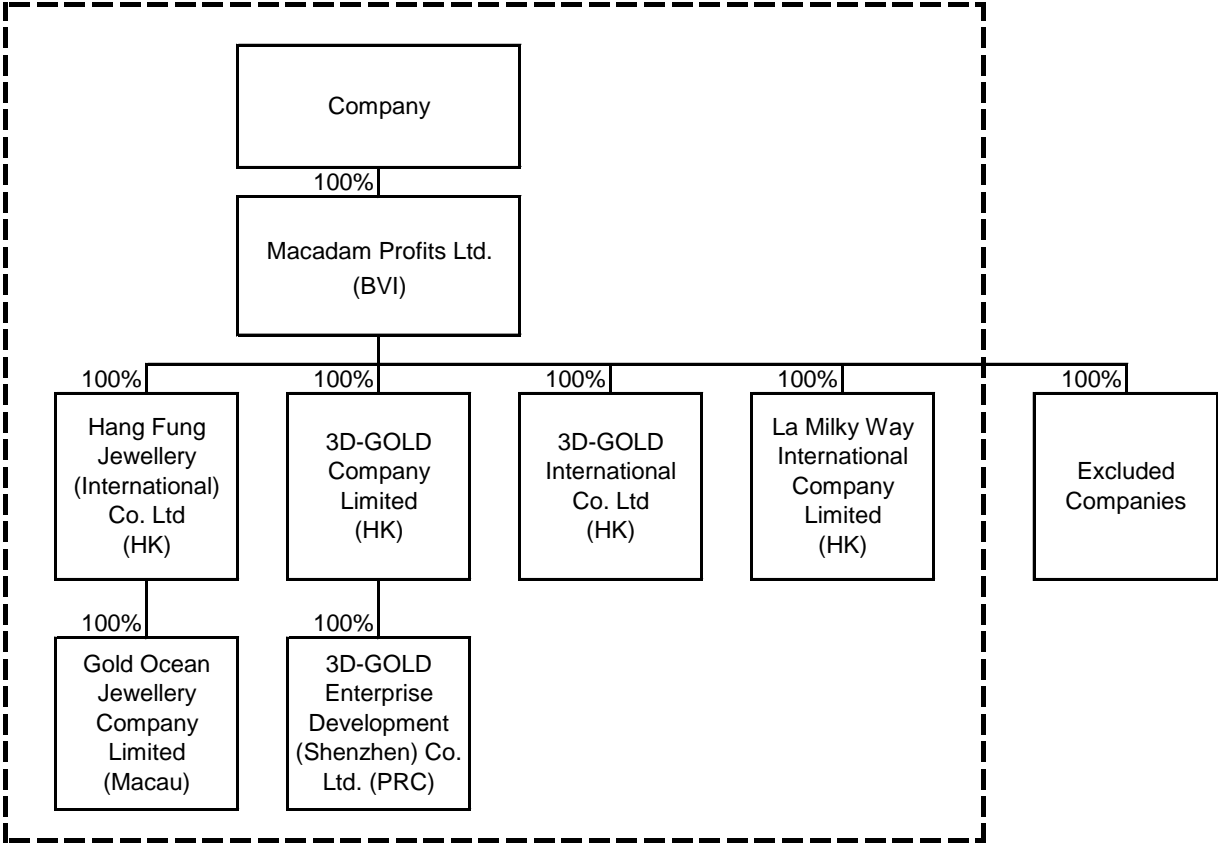
- (1) the Restructured Group other than the Company and Macadam if Completion with Share Transfer is to take place (i.e. the equity interests in the Restructured Group other than the Company and Macadam); or
- (2) the Subscription Shares and the Preference Shares following the Capital Restructuring if Completion with Share Issue is to take place (i.e. the indirect equity interests in the Restructured Group and for avoidance of doubt, including the Company and Macadam).

Pursuant to the terms of the Agreement, the Provisional Liquidators have the absolute discretion, subject to fulfillment of the Initial Condition, to give notice to the Investor that Completion with Share Transfer is to take place and that the Company is to be retained with the Excluded Companies, in which case the Investor will not acquire any shareholding interest in the Company. The Provisional Liquidators' current intention is that they would require Completion with Share Transfer, notwithstanding satisfaction of all the conditions precedent to the Agreement, if in their view there remain any Rights Against Third Parties which (i) cannot be effectively assigned by the Company to a nominee directed by the Provisional Liquidators; and (ii) are likely to produce a return to creditors of the relevant members of the Group of an amount not less than, and likely to exceed, the Listing Value. A further announcement will be made when the Provisional Liquidators decide to exercise such discretion.

In the event that the Provisional Liquidators do not exercise their absolute discretion to retain the Company along with the Excluded Companies and if the listing status of the Company can be successfully resumed and all the conditions precedent provided in the Agreement fulfilled, Completion with Share Issue shall take place. It is expected that the parties will enter into the Subscription Agreement after fulfillment of the Initial Condition. Further details of the Capital Restructuring and the Subscription Agreement will be disclosed in a separate announcement, as and when necessary and appropriate.

Subject to the finalization of Scheme Document(s), which are yet to be finalized, the Excluded Items will directly or indirectly be held by a nominee for the benefit of creditors under the Scheme(s) following implementation of the Proposals. Excluded Items shall comprise the following items (a) the Excluded Companies; (b) cash and cash equivalents as at First Payment Date; (c) Receivables; (d) Rights Against Third Parties as at Completion; (e) the Rent Deposits to which the Restructured Group is entitled on termination of the relevant lease arrangements to which such Rent Deposits relate as at Completion; (f) Accounts Payables; (g) all gold display items listed under “Property Plant and Equipment” in the published audited accounts of the Group for the financial year ended 31 March 2008; and (h) such other items as may be agreed between the Company and the Investor as at Completion.

The following chart sets out the group structure of the Company before the restructuring:

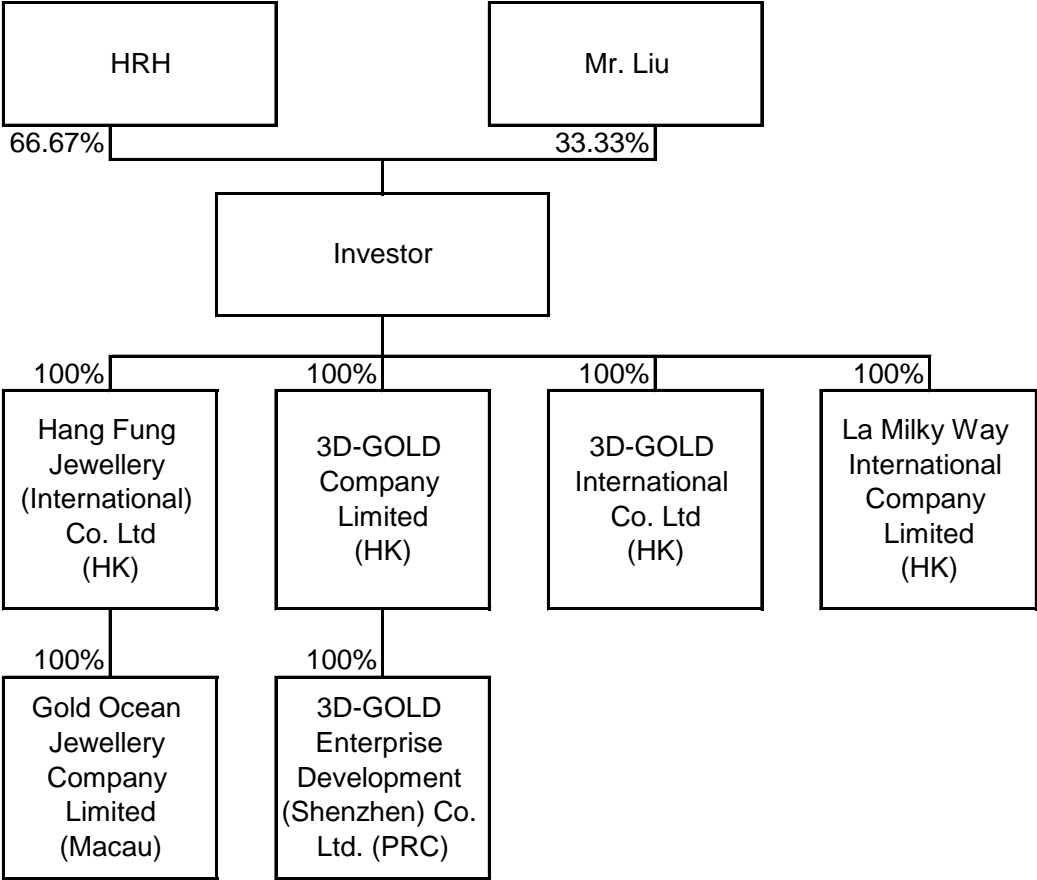


**Restructured Group**

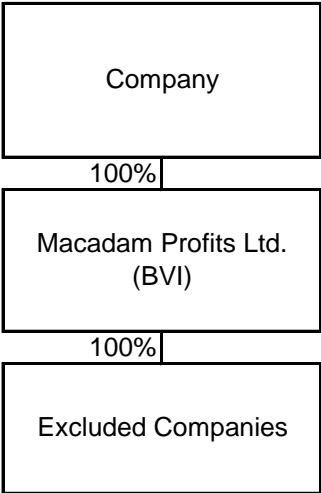
The following charts set out the shareholding structures of the Restructured Group in the event that Completion with Share Transfer or Completion with Share Issue is to take place:

Immediately after Completion with Share Transfer

**Shareholding Structure of the Restructured Group (excluding the Company and Macadam)**



**Group Structure of the Company**

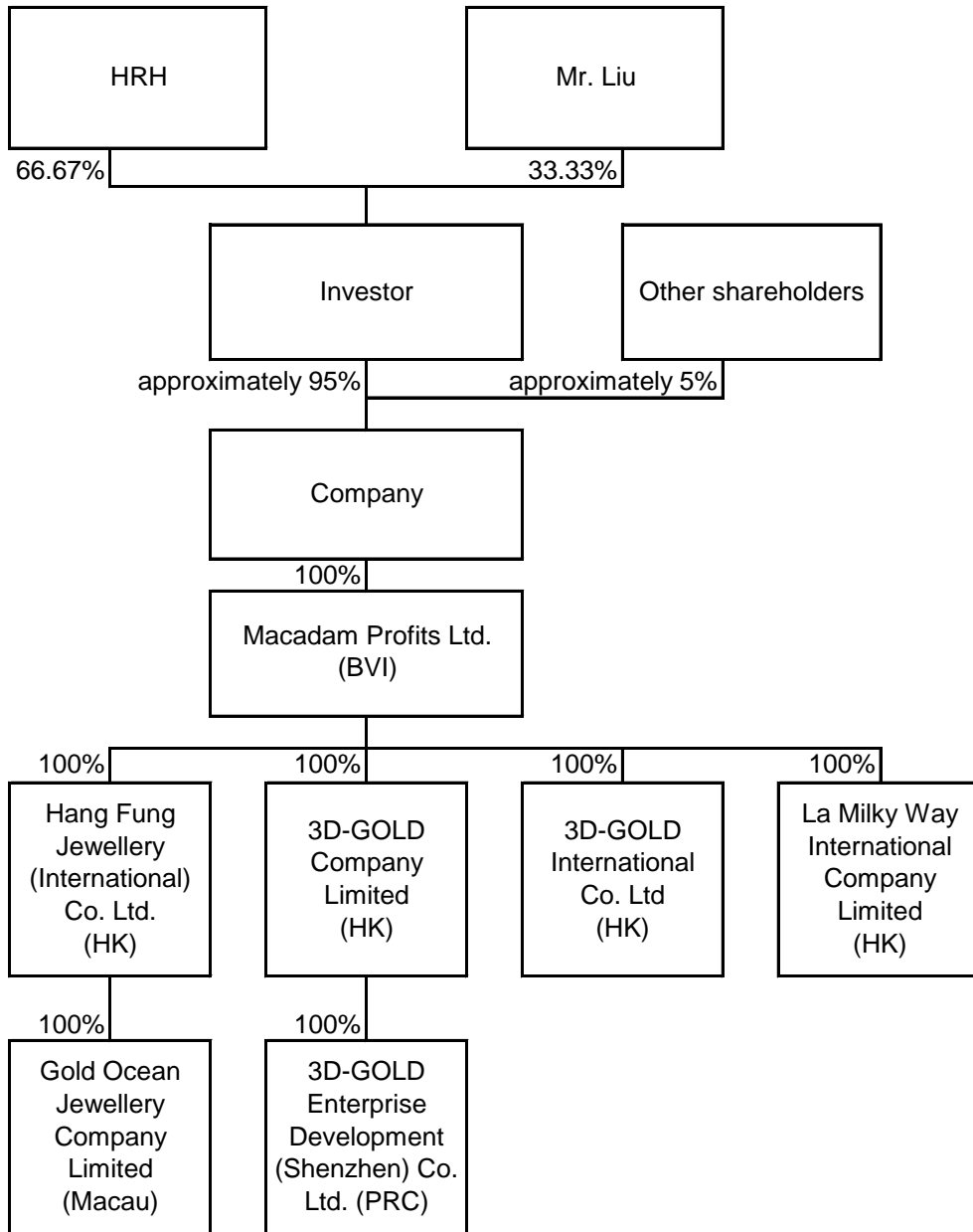


*Note: Some or all Excluded Companies may be held by a nominee at the direction of the Provisional Liquidators or their successor.*



Immediately after Completion with Share Issue

**Shareholding Structure of the Restructured Group**



*Note: If Completion with Share Issue is to take place, the Excluded Companies will cease to be subsidiaries of the Company. Subject to the finalisation of the Scheme Document(s), which are yet to be finalised, the Excluded Companies will be transferred in order to be directly or indirectly held by a nominee for the benefit of creditors under the Scheme(s).*

## Consideration

The consideration was offered by the Investor in its tender bid submitted to the Provisional Liquidators. After carefully reviewing and considering the documents, explanations and clarifications received, the current financial position of the Company, the commercial and other aspects of the proposals from potential investors, including but not limited to the recovery by creditors and the time required to implement the proposals, the Provisional Liquidators considered that the proposal received from the Investor represented the best option available to the Company and its stakeholders at that time.

The consideration will be satisfied by the Investor in the following manner:

1. HK\$100,000,000 in cash, which has been received from the Investor as initial deposit and is held in escrow, subject to the terms of the Agreement (Note 1);
2. a further amount of HK\$330,000,000 (subject to adjustments) will be paid by the Investor to the Provisional Liquidators in cash on the date falling five Business Days after satisfaction of the Initial Condition as set out below on or before First Long Stop Date (as may be extended by the Provisional Liquidators by up to six months therefrom) (Notes 2 and 4); and
3. if Completion with Share Issue is to take place in accordance with the Agreement, the Investor shall pay by way of cash the Listing Value, being HK\$70,000,000, on the Second Payment Date (Notes 3 and 4).

### *Notes:*

1. *The abovementioned deposit together with any interest accrued but less any applicable bank charges shall be returned to the Investor if for whatever reason the Initial Condition cannot be satisfied.*
2. *For (2) above, the sum of HK\$330,000,000 is subject to Adjustment in accordance with the terms of the Agreement.*
3. *For (3) above, the sum of HK\$70,000,000 shall not be payable by the Investor if Completion with Share Transfer is to take place.*
4. *If Completion with Share Transfer takes place, the consideration will be the aggregate of the deposit of HK\$100,000,000 and Balance Payment of HK\$330,000,000 (subject to Adjustment in accordance with the terms of the Agreement). If Completion with Share*

*Issue takes place, the aggregate consideration payable for the Subscription Shares and the Preference Shares shall be HK\$500,000,000 (the “**Subscription Amount**”) and on Completion:*

- (i) the aforesaid deposit and the Balance Payment already received will together be applied as part of the Subscription Amount;*
- (ii) the Investor shall pay the amount of the Listing Value of HK\$70,000,000 as part of the Subscription Amount; and*
- (iii) the Investor shall pay a further sum equal to HK\$500,000,000 less the aggregate amount of (i) and (ii) above.*

*The amount received under (i) and (ii) above shall be applied in full in satisfying the claims of the Group (to the extent that it is sufficient to satisfy at the Provisional Liquidators’ discretion) and the cost incurred in relation to the Scheme and petition and certain expenses of the Provisional Liquidators. The sale of the Excluded Items is also expected to realize proceeds which will be used in full to pay other claims of the Group.*

## **Conditions Precedent**

*Initial Condition (to be satisfied on or before the First Long Stop Date provided that the Provisional Liquidators may extend this deadline for up to 6 months therefrom)*

Completion of the Agreement is conditional on the satisfaction of the following condition:

- (1) the approval of the Hong Kong Court (and to the extent necessary the Bermuda Court and/or BVI Court) for the Provisional Liquidators to enter into the Agreement and the condition that all necessary approvals, sanctions and filings have been obtained and completed and have not been revoked in relation to the Schemes including (but not limited to) the approval of the Schemes by the requisite majority of the Creditors, the sanction by the Hong Kong Court, and if the Provisional Liquidators determine necessary the Bermuda Court and requisite majority of the Creditors, the sanction by the Hong Kong Court, and if the Provisional Liquidators determine necessary the Bermuda Court and BVI Court, of the relevant Schemes and registration of the relevant court orders sanctioning the Schemes with the relevant Registrar of Companies (or equivalent).

If Completion with Share Transfer is to take place, the Restructured Group other than the Company and Macadam will be disposed of. Such possible disposal of the Restructured Group constitutes a possible very substantial disposal for the Company, details of which are set out in

the section headed "Implications of the Listing Rules" in this announcement. The Provisional Liquidators are liaising with the Stock Exchange to clarify whether the said possible very substantial disposal should be subject to the approval of the shareholders of the Company. A circular will be prepared and dispatched to the shareholders of the Company if the above possible very substantial disposal will be subject to shareholders' approval.

*Further Conditions (to be satisfied on or before the Second Long Stop Date provided that the Provisional Liquidators may extend this deadline for up to 6 months therefrom)*

Completion with Share Issue is also conditional upon the following conditions being satisfied on or before the Second Long Stop Date:

- (1) the approval and passing by the requisite majorities of the holders of Existing Shares of all necessary resolutions at the duly convened Special General Meeting and not having been revoked in relation to the Schemes, the Capital Restructuring and the entry into of all documents to implement the terms of the Agreement (including the Agreement);
- (2) the approval by the HRH Shareholders for the entry by the Investor into the Agreement as required under the Listing Rules (Note);
- (3) the independent holders of the Existing Shares approving in general meeting the proposed Whitewash Waiver;
- (4) the granting of the Whitewash Waiver to the Investor by the SFC;
- (5) the obtaining of the approval in principle from the Stock Exchange for the listing and permission to deal in the Subscription Shares and the Consolidated Shares and the ordinary shares in the Company to be issued upon exercise of the Preference Shares subscribed for by the Investor (the "**Conversion Shares**") which may only be subject to (i) the formal issue and allotment of such Subscription Shares and the Conversion Shares; (ii) such other administrative conditions as are customarily stipulated by the Stock Exchange for resumption of trading or listing of the shares and (iii) (if applicable) Restoration of Public Float, and such approval not having been revoked;
- (6) the Stock Exchange having conditionally or unconditionally approved, or decided to allow the Company to proceed with, the Resumption Proposal, and all the conditions attached to such approval or decision (if any) having been fulfilled (other than those conditions relating to or in connection with the Completion or Restoration of Public Float) or waived by the Stock Exchange;

- (7) all consents and approvals from all other governmental and regulatory authorities necessary for the implementation of the Proposals having been obtained;
- (8) the removal and discharge of the Provisional Liquidators in Hong Kong;
- (9) the Bermuda Court has sanctioned the Capital Reduction;
- (10) the obtaining of all necessary approval from the Bermuda Monetary Authority for the issue of the Subscription Shares; and
- (11) the Bermuda Monetary Authority granting permission for the issue of the Preference Shares and the Conversion Shares (or the Company having received written legal opinion from the Investor's legal counsel that such permission is unnecessary).

*Note:* Based on the existing understanding between HRH, the Investor and the Provisional Liquidators, the Subscription Agreement will be considered and, if thought fit, approved by the HRH Shareholders at the HRH SGM together with the Agreement.

## **Completion**

Subject to the Provisional Liquidators' discretion, if all conditions in the Agreement are fulfilled, Completion with Share Issue shall take place on the fifth Business Day following the day on which the last of the conditions is fulfilled (or such other date as may be agreed by the parties in writing). The absolute discretion of the Provisional Liquidators to retain the Company should be exercised by the Provisional Liquidators, if considered appropriate by the Provisional Liquidators, before the date of Completion. The exact timing is subject to the Provisional Liquidators' discretion.

**If any of the further conditions in the Agreement is not fulfilled on or before Second Long Stop Date (or, if applicable, the extended deadline) or if all the conditions are fulfilled but the Provisional Liquidators in their absolute discretion give such notice to the Investor, Completion with Share Transfer shall take place on the fifth Business Day following the day that the Investor receives such notice.**

## **Guarantee and Indemnity**

Pursuant to the terms of the Agreement, the Investor undertook to procure the entering into of a guarantee and indemnity by HRH and Mr. Liu, who are the holders of two-thirds and one-third of the issued share capital of the Investor respectively, for the purpose of providing security to the Company and the Provisional Liquidators for the Investor's obligations under the Agreement

pro rata to their respective shareholdings in the Investor. Accordingly, the Guarantors, the Company, the Provisional Liquidators and the Investor executed the Guarantee on 23 December 2008.

### **Voting Deed**

A voting deed in favour of the Company and the Provisional Liquidators was executed by the Majority Shareholder of HRH contemporaneously with the Agreement. As disclosed in the HRH Announcement, as at 23 December 2008, the Majority Shareholder held 282,002,000 shares of HRH, representing approximately 62.42% of the issued ordinary share capital of HRH. Under the Voting Deed, the Majority Shareholder undertakes, among other things, to take all necessary actions to approve the Agreement and all transactions contemplated thereunder, including but not limited to attending any special general meetings of HRH or any meeting of holders of any class of shares in HRH and any adjournment thereof and to vote in favour of all relevant resolutions.

### **POSSIBLE WHITEWASH WAIVER**

If Completion with Share Transfer is to take place in accordance with the Agreement, no Existing Shares and/or New Shares will be purchased and/or issued to the Investor and there is no general offer obligation on the part of the Investor to make a general offer to the holders of the Existing Shares.

If Completion with Share Issue is to take place, the Investor will subscribe for the Subscription Shares and Preference Shares (but, for avoidance of doubt, no Existing Shares will be purchased by the Investor). The Investor will own 30% or more of the voting rights of the Company upon completion of the said subscription and there will be an obligation on the part of the Investor to make a general offer to the holders of the Existing Shares upon completion of the subscription of Subscription Shares. It is one of the conditions of the Agreement for Completion with Share Issue that the Whitewash Waiver be granted by the Executive and approved by the independent holders of the Existing Shares at the Special General Meeting and such condition cannot be waived by the parties to the Agreement. If the Whitewash Waiver is not granted by the Executive or not approved by the independent holders of the Existing Shares, the parties will proceed with the Completion with Share Transfer and the Provisional Liquidators shall give notice to the Investor of the same. Accordingly, as disclosed in the HRH Announcement, an application will be made to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the independent holders of the Existing Shares at the Special General Meeting by way of poll.

**Shareholders of the Company should be advised that the entering into of the Subscription Agreement and Completion with Share Issue may or may not proceed as Completion with**

**Share Issue is subject to fulfillment of the further conditions as set out above, and thereafter at the absolute discretion of the Provisional Liquidators.**

**The Company and the Provisional Liquidators will respectively comply with all applicable rules of the Takeovers Code, including publishing further announcements relating to the details of the Subscription Agreement and the Whitewash Waiver, as and when necessary and appropriate.**

## **REASONS FOR AND THE BENEFITS OF THE PROPOSALS**

As disclosed in the announcement of the Company dated 20 October 2008, The Hongkong and Shanghai Banking Corporation Limited presented petitions to wind-up the Company and its wholly owned subsidiary, Hang Fung Jewellery Company Limited (Provisional Liquidators Appointed) to the High Court of Hong Kong on 17 October 2008 as the Company and Hang Fung Jewellery Company Limited could not meet demands for the repayment of outstanding debts. The Provisional Liquidators were appointed as joint and several provisional liquidators of the Company by the High Court of Hong Kong on 17 October 2008 and following their appointment, they carried out a search for potential investors with a view to realizing as great a return as reasonably practicable in the circumstances for creditors of the Group, including those of the Company.

After carefully reviewing and considering the documents, explanations and clarifications received from potential investors, the current financial position of the Company, the commercial and other aspects of the proposals from potential investors, including but not limited to the recovery by creditors and the time required to implement the proposals, the Provisional Liquidators considered that the proposal received from the Investor represented the best option available to the Company and its stakeholders at that time.

The Provisional Liquidators current intention is that they would require Completion with Share Transfer, notwithstanding satisfaction of all the conditions precedent provided in the Agreement, if in their view there remain any Rights Against Third Parties which (i) cannot be effectively assigned by the Company to a nominee directed by the Provisional Liquidators; and (ii) are likely to produce a return to creditors of the relevant members of the Group of an amount not less than, and in their view likely to exceed, the Listing Value.

In light of the implementation of the Proposals, in case Completion with Share Issue is to take place, the Company would not be placed into liquidation and the listing status of the Company would be maintained, while the existing shareholders of the Company would still be holders of listed shares of the Company.

The HRH Announcement mentioned that the Investor intended to maintain the listing status of 3D-GOLD if Completion with Share Issue is to take place.

## **INFORMATION ON AND ABOUT THE COMPANY**

The principal business activities of the Company and its subsidiaries are the design, manufacture and selling of a broad range of gold products, other precious metal products and jewellery products.

In the event that the Completion with Share Transfer is proceeded with, the aggregate consideration for the Acquisition of approximately HK\$430 million (subject to Adjustment) will be primarily applied to repay certain debts of the Group.

If Completion with Share Transfer is to take place, the Restructured Group (other than the Company and Macadam) will cease to be subsidiaries of the Company.

If Completion with Share Issue is to take place, the Excluded Companies will cease to be subsidiaries of the Company. Subject to the finalisation of the Scheme Document(s), which are yet to be finalised, the Excluded Companies will be transferred in order to be directly or indirectly held by a nominee for the benefit of creditors under the Scheme(s) and subsequently disposed of. The proceeds (if any) from such disposal shall be applied in satisfying debts of the Group.

The Provisional Liquidators consider that the above transaction (where Completion with Share Transfer is to take place) is fair and reasonable and, to the extent possible, in the interests of the shareholders of the Company as a whole.

## **INFORMATION ON AND ABOUT THE INVESTOR**

The investor is a subsidiary of HRH. The HRH Group is currently principally engaged in the trading of gold salt and electroplating chemicals in Hong Kong.

## **IMPLICATIONS OF THE LISTING RULES**

If Completion with Share Transfer is to take place, the Restructured Group other than the Company and Macadam will be disposed of. As the Provisional Liquidators were appointed after the issue of the 2008 annual report of the Company and are still investigating a number of matters including the reported financial position of the Company, they are not in a position to calculate the relevant size tests and determine the size of the disposal of the Restructured Group. Given the lack of supporting financial figures and the principal business of the Group will be



disposed of when the Restructured Group is to be transferred to the Investor upon Completion with Share Transfer, the Provisional Liquidators believe that treating the subject disposal as a very substantial disposal would be the most prudent way for public disclosure, and since Completion with Share Transfer may or may not occur as it is subject to the satisfaction of Initial Condition, further conditions of the Agreement, and whether the Provisional Liquidators will exercise their sole discretion to retain the Company together with the Excluded Companies, the Acquisition therefore constitutes a possible very substantial disposal for the Company under Chapter 14 of the Listing Rules.

If Completion with Share Transfer is to take place, the Provisional Liquidators' current intention is that they would proceed with the liquidation of the Company in due course. It is expected that the Provisional Liquidators, or if applicable, their successors, will apply for the delisting of the Company in due course. The Provisional Liquidators' current expectation is that if Completion with Share Transfer is to take place, the Company may not be able to comply with Rule 13.24 of the Listing Rules as it may not have a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to the Stock Exchange to warrant the continued listing of shares in the Company on the Stock Exchange, and the Stock Exchange may commence the delisting procedures with respect to the Company in accordance with Practice Note 17 of the Listing Rules. The Provisional Liquidators are liaising with the Stock Exchange to clarify whether the above possible very substantial disposal should be subject to the approval of the shareholders of the Company. A circular will be prepared and dispatched to the shareholders of the Company if the above possible very substantial disposal will be subject to shareholders' approval.

The financial information required to be disclosed pursuant to Rules 14.58(6), 14.58(7) and 14.60(3) of the Listing Rules have not been disclosed in this Announcement as the Provisional Liquidators are still investigating a number of matters including the reported financial position of the Company. In the event that the Company is able to ascertain the said financial information after completion of the investigation, the same will be disclosed in a separate announcement of the Company. Hence, the Company will further liaise with the Stock Exchange on the requirement of disclosure of the financial information pursuant to Rules 14.58(6), 14.58(7) and 14.60(3) of the Listing Rules after completion of the investigation.

If Completion with Share Issue is to take place, subject to the finalisation of the Scheme Document(s), which are yet to be finalised, the Excluded Companies will be transferred in order to be held directly or indirectly by a nominee for the benefit of creditors under the Scheme(s). The size of such disposal is currently unascertainable and it may or may not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. In such case, the Company will comply with the applicable requirements under the Listing Rules.

The Provisional Liquidators confirm that to the best of the Provisional Liquidators' knowledge, information and belief having made all reasonable enquiry, the Investor and its ultimate beneficial owner are third parties independent of the Company and its connected persons save that after the entering into of the Agreement by the parties thereto, in light of the Company's difficulties to purchase new stocks from its suppliers as a result of the liquidation, an associate of Mr. Liu (the "**Liu's Associate**") has been engaged by the Group to process gold products for the Group, and it has supplied stocks to the Group to support its operation and the Group is currently indebted to the Liu's Associate.

## **ADJOURNMENTS OF WINDING-UP PETITIONS**

The hearings of the winding-up petitions of the Company and Hang Fung Jewellery Company Limited were adjourned by the Hong Kong Court to 24 December 2008 and then were adjourned to 5 January 2009 and on that day were further adjourned to 4 May 2009.

## **GENERAL**

As at the date of this announcement, a proposal for the resumption in trading of the Shares has not been submitted to the Stock Exchange for their review and consideration. A further announcement will be made if and when there are material developments in relation to the restructuring of the Company.

As at the date of this announcement, the board of the Company consists of only the executive directors namely Ms. Chan Yam Fai, Jane, Ms. Ng Yee Mei, Mr. Yeung Hon Yuen and Mr. Kuang Hao Kun, Giovanni.

**Completion of the Agreement is subject to the satisfaction of the Initial Condition. The release of this announcement is not an indication that the restructuring proposal will be completed or trading of the Shares will be resumed. Trading of the Shares has been suspended at the request of the Company since 30 September 2008 and will remain suspended until further notice.**

## **DEFINITIONS**

### **“Accounts Payables”**

all trade debts owing by the Restructured Group to the trade creditors of the Restructured Group in the ordinary course of the Business as at the First Payment Date and agreed between the Investor and the Provisional Liquidators but for the avoidance of doubt (i) in relation to accounts payable to trade creditors of

the Restructured Group in the Mainland shall not include any contingent and/or bona fide unrecorded liabilities arising from the Business carried out in the Mainland; and (ii) in relation to the accounts payable to trade creditors of the Restructured Group outside the Mainland shall not include those accounts payable to Creditors the liabilities in respect of which are compromised by the Schemes;

**“Acquisition”**

the proposed acquisition of the interests in all or part of the Restructured Group by the Investor;

**“Adjustment”**

the adjustment to the Balance Payment which shall be calculated by (a) deducting an amount equal to the aggregate Cost Prices of all items of Stock sold between 8 December 2008 and the First Payment Date (both dates inclusive) (at the Cost Prices attributed to them on the Stock List) from the Stock Value; (b) multiplying the sum resulting from the calculation in (a) by the Stock Price Percentage; (c) adding to the sum resulting from the calculation in (b) an amount equal to the aggregate Cost Prices recorded in the books of the Group of all new stock acquired after 8 December 2008 that have not been sold as at and including the First Payment Date; and (d) deducting the Offered Stock Price from the sum resulting from the calculation in (c). The determination of the above adjustment by the Provisional Liquidators shall, save for manifest error, be final and binding;

**“Agreement”**

the conditional restructuring agreement in relation to the Company and its subsidiaries, entered into by the Company, the Provisional Liquidators and the Investor on 23 December 2008 (as may be amended or supplemented from time to time);

**“Assets”**

such property, rights and title in the assets of the Business including (without limitation) the intellectual property rights as are held by any member of the Restructured Group in, or in connection with, the Business at the Effective Date, but excluding the Excluded Items;

<b>“Balance Payment”</b>	the aggregate of (i) the Business and Assets Value and (ii) the Offered Stock Price plus the Adjustment;
<b>“Bermuda Court”</b>	the Supreme Court of Bermuda;
<b>“Bermuda Scheme”</b>	the proposed scheme of arrangement to be made (at the option of the Provisional Liquidators) between the Company and the Creditors pursuant to section 99 of the Companies Act 1981 of Bermuda subject to any condition approved or imposed by the Bermuda Court;
<b>“Business”</b>	the business of manufacturing, wholesale, trading and retail of gold products, other precious metal products and jewellery products carried on by the Restructured Group in Hong Kong and (save in respect of wholesale) in the Mainland as at the Effective Date;
<b>“Business and Assets Value”</b>	the value attributed to the Business, Assets and Goodwill (but for the avoidance of doubt excluding the Stock), being HK\$100,000,000;
<b>“Business Day”</b>	a day (excluding Saturdays, Sundays and public holidays) on which banks are generally open for business in Hong Kong;
<b>“BVI”</b>	the British Virgin Islands;
<b>“BVI Court”</b>	the High Court of the BVI;
<b>“BVI Scheme”</b>	the proposed scheme of arrangement to be made (at the option of the Provisional Liquidators) between Macadam and the creditors pursuant to section 179A of the BVI Business Companies Act 2004 subject to any condition approved or imposed by the BVI Court;
<b>“Capital Cancellation”</b>	the proposed cancellation of the unissued share capital of the Company in its entirety upon the Capital Reduction becoming effective;
<b>“Capital Increase”</b>	the proposed increase of the share capital of the Company with such composition as determined in accordance with the terms of the Agreement, pursuant to which the authorized share capital as increased shall

	comprise authorized New Shares and Preferences Shares;
<b>“Capital Reduction”</b>	the proposed reduction of the nominal value of each Existing Share on such basis as determined in accordance with the terms of the Agreement;
<b>“Capital Restructuring”</b>	the proposed restructuring of the capital of the Company comprising the Capital Reduction, the Capital Cancellation, the Consolidation and the Capital Increase;
<b>“Companies Ordinance”</b>	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
<b>“Company”</b>	3D-GOLD Jewellery Holdings Limited (formerly known as Hang Fung Gold Technology Limited), a company incorporated in Bermuda;
<b>“Completion”</b>	completion of the Agreement and the transactions contemplated thereunder in accordance with its terms;
<b>“Completion with Share Issue”</b>	the Completion that requires the issue of the Subscription Shares and Preference Shares of the Company to the Investor;
<b>“Completion with Share Transfer”</b>	the Completion that requires the transfers of shares of the members of the Restructured Group (other than the Company and Macadam) to the Investor;
<b>“Consolidated Shares”</b>	the New Shares deriving from the Existing Shares following the Consolidation;
<b>“Consolidation”</b>	the consolidation of such number of Existing Shares (as reduced by the Capital Reduction) into such number of New Shares immediately upon the Capital Reduction becoming effective on such basis as determined in accordance with the terms of the Agreement;
<b>“Cost Price”</b>	the cost price for an item of stock of the Business, calculated: (i) in relation to items acquired by direct purchase from suppliers and subcontractors, as the cost of finished products as invoiced by such suppliers and subcontractors in respect of each item and (ii) in

relation to items produced by the Group, as the base acquisition cost of raw materials for the item together with the production costs incurred in the ordinary course of business including (without limitation) labour and overhead costs such as utilities and rental payments;

**“Court Meeting”**

the meeting of the Creditors to be convened by the Hong Kong Court and/or Bermuda Court and/or BVI Court, notices of which will be contained in the Scheme Circular and Scheme Documents and to be published by public notices in Hong Kong, Bermuda, and/or the BVI;

**“Creditors”**

collectively the Ordinary Creditors and the Preferential Creditors of the Company and/or its subsidiaries;

**“Effective Date”**

the date on which the Schemes become effective by virtue of the delivery of an office copy of the order of the Hong Kong Court sanctioning the Scheme to the Registrar of Companies in Hong Kong for registration, and if such Schemes are implemented at the option of the Provisional Liquidators, the delivery to the Registrar of Companies in Bermuda for registration of a copy of the order of the Bermuda Court sanctioning the Bermuda Scheme and the delivery of copies of the orders of the BVI Court sanctioning the BVI Scheme to the Registrar of Companies in the BVI for registration;

**“Excluded Companies”**

the Group excluding the Restructured Group, which comprises Hang Fung Development International Co. Ltd.; Kai Hang Jewellery Company Ltd.; Hang Fung Jewellery Company Ltd. (Provisional Liquidators Appointed); Shenzhen Kai Hang Jewellery Co., Ltd.; Hang Fung Jewellery (Shenzhen) Co. Ltd.; Hang Fung Gold (International) Co. Ltd.; Hang Fung Enterprise International Co. Ltd.; Goldyear Development Limited; Forever Rich Media Limited; Geneva International Jewellery & Watch Limited; Expo Global Limited; International Standard Jewellery & Gems Laboratory Limited; Golden Winner Enterprises Limited; Best Excelsior Limited; Winder International Limited; Soy cue Limited; 3D-GOLD Jewellery Company Limited; 3D-GOLD Jewellery International Company

Limited; 3D-GOLD Development Company Limited; 3D-GOLD Enterprises Company Limited; 3D-GOLD Group Limited;

**“Excluded Items”**

the items to be retained with the Excluded Companies or otherwise transferred out of the Restructured Group at the direction of the Provisional Liquidators following implementation of the Proposals, comprising the following items (a) the Excluded Companies; (b) cash and cash equivalents as at First Payment Date; (c) Receivables (subject to the terms of the Agreement); (d) Rights Against Third Parties as at Completion; (e) the Rent Deposits to which the Restructured Group is entitled on termination of the relevant lease arrangements to which such Rent Deposits relate as at Completion; (f) Accounts Payables; (g) all gold display items listed under “Property Plant and Equipment” in the published audited accounts of the Group for the financial year ended 31 March 2008; and (h) such other items as may be agreed between the Company and the Investor as at Completion;

**“Executive”**

the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;

**“Existing Shares”**

ordinary shares of HK\$0.10 each in the issued capital of the Company immediately before the Capital Restructuring;

**“First Long Stop Date”**

30 September 2009;

**“First Payment Date”**

the date falling five (5) Business Days after (and including) the date on which the Initial Condition is satisfied;

**“Goodwill”**

the goodwill, custom and connection of the Restructured Group in relation to the Business, together with the exclusive right for the Restructured Group to carry on the Business under the “Hang Fung Gold”, “La Milky Way” and “3D-GOLD” brands and all other names associated with the Business;

<b>“Group”</b>	the Company and its subsidiaries;
<b>“Guarantee”</b>	the guarantee and indemnity entered into by the Guarantors, the Company, the Provisional Liquidators and the Investor on 23 December 2008, pursuant to the terms of the Agreement;
<b>“Guarantors”</b>	HRH and Mr. Liu, who are the holders of two-thirds and one-third of the issued share capital of the Investor, respectively;
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of The People’s Republic of China;
<b>“Hong Kong Court”</b>	the High Court of Hong Kong;
<b>“Hong Kong Scheme”</b>	the scheme of arrangement to be made between the Company and its Creditors and (if applicable) between the Company’s relevant subsidiaries forming part of the Restructured Group and their relevant creditors pursuant to section 166 of the Companies Ordinance;
<b>“HRH”</b>	Hong Kong Resources Holdings Company Limited, which is the holder of two-thirds of the issued share capital of the Investor, the shares of which are listed on the main board of the Stock Exchange;
<b>“HRH Announcement”</b>	the announcement of HRH dated 22 January 2009 in relation to, <i>inter alia</i> , the Acquisition;
<b>“HRH Group”</b>	HRH and its subsidiaries;
<b>“HRH SGM”</b>	a special general meeting of HRH to be convened and held to consider and, if thought fit, approve, among other things, the Agreement and the transactions contemplated thereunder;
<b>“HRH Shareholders”</b>	the shareholders of HRH;
<b>“Initial Condition”</b>	the approval of the Hong Kong Court (and to the extent necessary the Bermuda Court and/or BVI Court) for the Provisional Liquidators to enter into the Agreement and the condition that all necessary approvals, sanctions and filings have been obtained and completed and have not been revoked in relation to the Schemes including (but



not limited to) the approval of the Schemes by the requisite majority of the Creditors, the sanction by the Hong Kong Court, and if the Provisional Liquidators determine necessary the Bermuda Court and requisite majority of the Creditors, the sanction by the Hong Kong Court, and if the Provisional Liquidators determine necessary the Bermuda Court and BVI Court, of the relevant Schemes and registration of the relevant court orders sanctioning the Schemes with the relevant Registrar of Companies (or equivalent) on or before the First Long Stop Date;

<b>“Investor”</b>	China Gold Silver Group Company Limited, a subsidiary of HRH;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Listing Value”</b>	the value attributed to the listed status of the Company to be retained on its successful resumption (in the event the Resumption Proposal is conditionally or unconditionally acceptable or approved by the Stock Exchange), such value being equal to HK\$70,000,000;
<b>“Macadam”</b>	Macadam Profits Limited, a wholly-owned subsidiary of the Company;
<b>“Macau”</b>	the Macau Special Administrative Region of The People’s Republic of China;
<b>“Mainland”</b>	The People’s Republic of China excluding Hong Kong and Macau;
<b>“Majority Shareholder”</b>	Perfect Ace Investments Limited, the majority shareholder of HRH;
<b>“Mr. Liu”</b>	Mr. Liu Wang Zhi, who is the holder of one-third of the issued share capital of the Investor;
<b>“New Shares”</b>	the new shares in the capital of the Company following the Capital Restructuring;
<b>“Offered Stock Price”</b>	the price offered by the Investor as payable for the Stock, being HK\$330,000,000;

<b>“Ordinary Creditors”</b>	those creditors of the Company and (if applicable) its subsidiaries forming part of the Restructured Group as at the Effective Date other than the Preferential Creditors;
<b>“Preference Shares”</b>	the 2,500,000,000 convertible, non-redeemable preference shares of HK\$0.01 each in the capital of the Company following the Capital Restructuring in such term as the Company may determine, each of which carries (among other rights and restrictions) the right of a fixed cumulative preferential dividend of 5% per annum on its nominal value and the rights, subject to other terms attaching, to convert into New Shares on a one-to-one basis;
<b>“Preferential Creditors”</b>	the creditors of the Company and (if applicable) its subsidiaries forming part of the Restructured Group as at the Effective Date whose preferential claims (being claims which are preferential in accordance with applicable law) will be settled under the Schemes;
<b>“Proposals”</b>	the proposals by the Company to effect the Schemes and the matters detailed in them;
<b>“Provisional Liquidators”</b>	Messrs. Darach Haughey, Yeung Lui Ming and Edmond Wah Bon Ching of Deloitte Touche Tohmatsu of 35th Floor, One Pacific Place, 88 Queensway, Hong Kong;
<b>“Public Float”</b>	has the meaning ascribed to it under Rule 8.08 of the Listing Rules and as applicable to the Company;
<b>“Receivables”</b>	all the trade and other debts and amounts owing to the Company and its subsidiaries as at the First Payment date in respect of goods or services supplied by the Company and/or the Group in the usual or ordinary course of carrying on the Group’s business (whether or not invoiced) or otherwise but net of any value added tax due and payable on such amounts;
<b>“Rent Deposits”</b>	all payments made by members of the Restructured Group by way of rent deposits and prepayments to secure lease arrangements and utilities for any premises

from which the Business or any of such companies otherwise operates;

**“Restoration of Public Float”**

the sale and/or transfer of such number of New Shares by the Investor so as to procure the Company complying with the requirement of Public Float;

**“Restructured Group”**

(i) the Company; (ii) Macadam; (iii) Hang Fung Jewellery (International) Co. Ltd.; (iv) 3D-GOLD Company Limited; (v) 3D-GOLD Enterprise Development (Shenzhen) Co. Ltd.; (vi) La Milky Way International Company Limited; (vii) 3D-GOLD International Co. Ltd; and (viii) Gold Ocean Jewellery Company Limited;

**“Resumption Proposal”**

the resumption proposal to be submitted to the Stock Exchange (as supplemented or amended from time to time) together with all necessary applications for the resumption of trading of the Shares on the Stock Exchange as referred to in the Listing Rules;

**“Rights Against Third Parties”**

the rights and claims against third parties and the benefit of all sums to which the Group is entitled from third parties and/or insurers in respect of loss or damage to the assets of the Group and/or arising from (without limitation) fraud and professional negligence, subsisting on or before the Effective Date;

**“Scheme(s)”**

the Hong Kong Scheme and if the Provisional Liquidators deem necessary, the Bermuda Scheme and the BVI Scheme;

**“Scheme Circular”**

a circular of the Company to be issued to the Creditors containing, *inter alia*, a notice convening Court Meeting(s) for the purposes of soliciting relevant approval from the Creditors for the Schemes, issued in such form as the parties to the Agreement shall agree;

**“Scheme Document(s)”**

*inter alia*, the documentation to be filed at the Hong Kong Court and, if required, the Bermuda Court and/or the BVI Court and all other documents necessary to implement the Schemes including the Scheme Circular;

<b>“Second Long Stop Date”</b>	31 December 2009;
<b>“Second Payment Date”</b>	the date of Completion;
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong;
<b>“Shares”</b>	the ordinary shares of the Company which are listed on the main board of the Stock Exchange;
<b>“Special General Meeting”</b>	<p>the special general meeting of the shareholders of the Company to be held to consider all the resolutions necessary or appropriate in relation to the Proposals, including, <i>inter alia</i>,</p> <p>(i) for the implementation of the Schemes (other than the resolution(s) to be proposed at the Court Meeting);</p> <p>(ii) for the approval required for the Whitewash Waiver in terms stipulated by the Takeovers Code;</p> <p>(iii) for the approval of the entering into of the Subscription Agreement and the issue of the Subscription Shares and the Preference Shares; and</p> <p>(iv) for the approval of the Capital Increase;</p>
<b>“Stock”</b>	stock-in-trade including raw materials, goods and other assets for re-sale, component parts and work-in-progress, together with packaging owned by the Company and its subsidiaries as at 8 December 2008, being the date by reference to which the Stock List and Stock Value was determined;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Stock List”</b>	the list of Stock as at 8 December 2008 finalised by specified appraisers and signed for the purposes of identification by the Provisional Liquidators or their representative(s);
<b>“Stock Price Percentage”</b>	<p>the percentage derived from the calculation of:</p> $\frac{\text{Offered Stock Price} \times 100}{\text{Stock Value}}$

<b>“Stock Value”</b>	the aggregate Cost Prices for the Stock set out in Stock List being HK\$692,021,440.45;
<b>“Subscription Agreement”</b>	the subscription agreement (in form and substance satisfactory to the Company) to be entered into between the Company and the Investor for the purpose of the issue of the Subscription Shares and the Preference Shares by the Company to the Investor or such other persons as nominated by it, as the case may be, on and subject to the terms and conditions contained therein;
<b>“Subscription Shares”</b>	such number of New Shares to be issued by the Company to the Investor pursuant to the Subscription Agreement representing approximately (but not more than) 95% of the issued ordinary share capital of the Company as enlarged by the issue of such Subscription Shares provided that a number of New Shares representing 5% of the enlarged issued ordinary share capital of the Company will be transferred by the Investor to a nominee designated by the Provisional Liquidators for the benefit of creditors of the Group;
<b>“Takeovers Code”</b>	The Code on Takeovers and Mergers;
<b>“Voting Deed”</b>	a voting deed in favour of the Company and the Provisional Liquidators, executed and delivered to the Company and the Provisional Liquidators by the Majority Shareholder contemporaneously with the Agreement; and
<b>“Whitewash Waiver”</b>	a waiver granted by the Executive to waive the obligation of the Investor and parties acting in concert with it to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by them as a result of the Completion with Share Issue pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

For and on behalf of  
**3D-GOLD JEWELLERY HOLDINGS  
LIMITED**  
**(Provisional Liquidators Appointed)**

**Darach Haughey**  
**Yeung Lui Ming**  
**Edmond Wah Bon Ching**

*Joint and Several Provisional Liquidators  
acting as agents for and on behalf of  
3D-GOLD Jewellery Holdings Limited  
without personal liability*

Hong Kong, 6 February 2009

*\* For identification purposes only*

*The Provisional Liquidators 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, 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 of the statements in this announcement misleading.*

*The information in relation to HRH and its subsidiaries contained in this announcement has been compiled from the published announcements of HRH. The Provisional Liquidators jointly and severally take responsibility for the correctness and fairness of the reproduction or presentation of such information.*