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(formerly known as Hang Fung Gold Technology Limited  
恆豐金業科技有限公司\*)  
(Provisional Liquidators Appointed)  
(Subject to Scheme of Arrangement)  
(incorporated in Bermuda with limited liability)

(Stock Code: 870)

## **ANNOUNCEMENT**

**PURSUANT TO RULE 3.7 OF THE CODE ON TAKEOVERS AND MERGERS**

**AND**

**RULE 13.09(1) OF THE LISTING RULES**

**DISPOSAL OF THE DISPOSAL GROUP**

**EXCLUSIVITY AGREEMENT**

**AND**

**DELISTING PROCEDURES**

Financial adviser

**OSK Capital Hong Kong Limited**

As stated in the announcement of the Company dated 6 February 2009, the Company, the Provisional Liquidators and the Investor entered into the Agreement pursuant to which the

Investor was to acquire either: (A) the Disposal Group if Completion with Share Transfer was to take place; or (B) the Subscription Shares and the Preference Shares following a capital restructuring if Completion with Share Issue was to take place.

Pursuant to the Agreement, the Provisional Liquidators had the absolute discretion, subject to fulfillment of the Initial Condition, to give notice to the Investor that Completion with Share Transfer was to take place. The Initial Condition was fulfilled on 14 July 2009. On 22 July 2009, the Provisional Liquidators and the Company gave notice to the Investor that Completion with Share Transfer was to take place. The Investor acquired the Disposal Group from the Company in accordance with the Agreement on 29 July 2009.

The consideration for the Disposal was HK\$430 million (subject to the Adjustment), of which HK\$100 million in cash had been received from the Investor as an initial deposit, and a further payment amounting to HK\$330 million (subject to the Adjustment) was paid by the Investor to the Proceeds Account in cash. The Adjustment has been determined as HK\$83,988,888.

The Group is insolvent and the Provisional Liquidators were appointed by the Hong Kong Court and the Bermuda Court. The Agreement was entered into by the Provisional Liquidators on behalf of the Company as approved by the Court. It is considered that it would be inconsistent with the insolvency liquidation regime and not be appropriate for the Company to be required to seek approval from its shareholders in respect of the Disposal.

On 28 July 2009, the Company, the Provisional Liquidators and the Investor entered into the Exclusivity Agreement. The Exclusivity Agreement is separate and distinct from the Agreement and implementation of the Schemes, which shall be completed on their terms.

Subject to satisfaction of certain conditions, during the Exclusivity Period, neither the Provisional Liquidators, the members of the post-Scheme Group nor their directors, advisers, agents or employees shall, directly or indirectly, enter into any discussion or agreement with any person except the Investor, its advisers, agents and employees relating to the acquisition of a controlling shareholding interest in the Company.

During the Exclusivity Period, the Investor shall use its best endeavours to prepare and submit the Resumption Proposal to the Stock Exchange pursuant to the terms indicated in the Exclusivity Agreement.

Subject to satisfaction of the conditions of the Exclusivity Agreement, implementation of the Capital Restructuring, such other terms as the Company may agree and satisfaction of the resumption conditions imposed by the Stock Exchange, the Investor is expected to subscribe for and the Company is expected to issue and allot to the Investor the Subscription Shares upon payment of HK\$200,000,000 as subscription monies for such Subscription Shares (but, for avoidance of doubt, no Shares will be purchased by the Investor).

The Investor will own more than 30% of the voting rights of the Company upon completion of the Share Subscription and there will be an obligation on the part of the Investor to make a general offer to the holders of the Shares upon completion of the Share Subscription. The Resumption Proposal will be conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the independent holders of the Shares at the relevant special general meeting of the Company and such condition will not be waivable.

**Investors and Shareholders should note that the Share Subscription may or may not proceed. The Company will comply with all applicable rules of the Takeovers Code and the Listing Rules, including publishing further announcements relating to the details of the Share Subscription and the Whitewash Waiver, as and when necessary and appropriate.**

Based on the submissions and representations made by the Company, the Executive has confirmed to the Company that, in relation to Note 7 to Rule 2 of the Takeovers Code, Rule 2.10 of the Takeovers Code will not apply to the Disposal.

On 31 July 2009, the Stock Exchange issued a letter to the Provisional Liquidators to inform the Provisional Liquidators that the Company has been placed in the first stage of delisting and that the Company must submit a viable resumption proposal by 30 January 2010.

The Company intends to write to the Stock Exchange separately in due course with regard to Listing Rule 13.24 in terms of the Group's remaining business operations post Completion with Share Transfer. The Company is aware that it needs to satisfy the resumption conditions imposed by the Stock Exchange and is working with a view to submitting a resumption proposal to the Stock Exchange should it wish to resume trading on the Stock Exchange.

At the request of the Company, trading in the shares of the Company has been suspended since 2:30 p.m. on 30 September 2008 and shall remain suspended until further notice.

## **BACKGROUND**

Reference is made to the Announcements. Pursuant to the Agreement, the Investor was to acquire either:

- (A) the Disposal Group if Completion with Share Transfer was to take place; or
- (B) the Subscription Shares and the Preference Shares following a capital restructuring if Completion with Share Issue was to take place.

Pursuant to the Agreement, the Provisional Liquidators had the absolute discretion, subject to fulfillment of the Initial Condition, to give notice to the Investor that Completion with Share

Transfer was to take place.

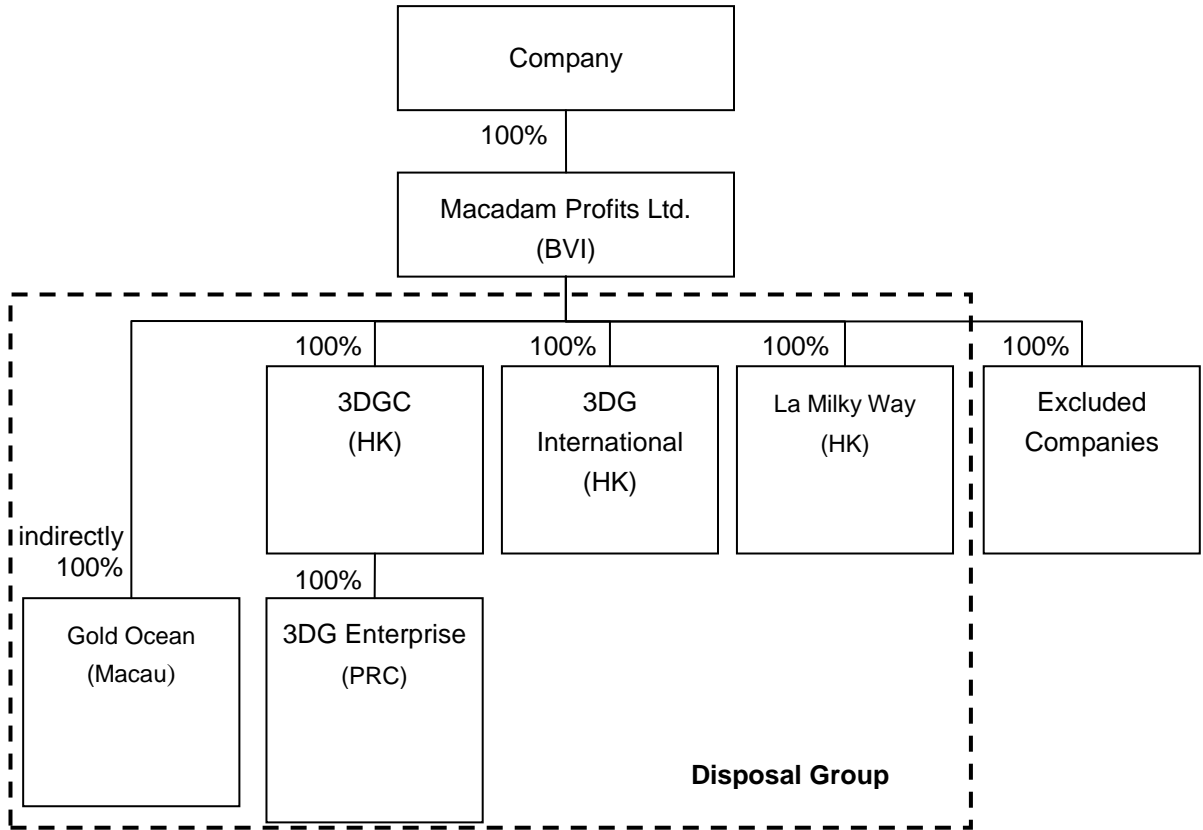
The Hong Kong Schemes were approved by the respective creditors of the Company and its relevant subsidiaries at the respective creditors' meetings held on 4 May 2009. The Bermuda Scheme was approved by the Company's creditors at the creditors' meeting held on 23 June 2009. The order of the Bermuda Court sanctioning the Bermuda Scheme was filed with the Registrar of Companies in Bermuda on 26 June 2009. By orders dated 7 July 2009, the Hong Kong Court sanctioned the Hong Kong Schemes and such orders were delivered to the Hong Kong Registrar of Companies for registration on 14 July 2009. Accordingly, the Initial Condition under the Agreement has been fulfilled.

On 22 July 2009, the Provisional Liquidators and the Company gave notice to the Investor that Completion with Share Transfer was to take place. The Investor acquired the Disposal Group from the Company in accordance with, and on Completion of, the Agreement on 29 July 2009.

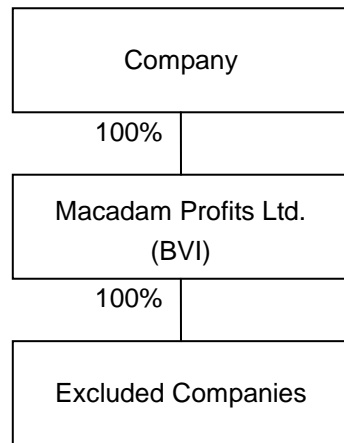
The Provisional Liquidators confirm that to the best of the Provisional Liquidators' knowledge, information and belief having made all reasonable enquiry, the Investor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **GROUP STRUCTURE**

The structure of the Group and the Disposal Group prior to Completion is illustrated in the following diagram:



The structure of the Group following completion of the Disposal is illustrated in the following diagram:



Upon completion of the Disposal, the Company ceased to have any equity interests in the Disposal Group and the Disposal Group ceased to be subsidiaries of the Company.

## **CONSIDERATION FOR THE DISPOSAL**

Pursuant to the Agreement, the consideration for the Disposal was HK\$430 million (subject to the Adjustment), payable in the manner as follows:

- (i) HK\$100 million in cash, which had been received from the Investor as an initial deposit and which has been applied as part of the consideration paid by the Investor; and
- (ii) a further payment amounting to HK\$330 million (subject to the Adjustment).

The consideration of HK\$430 million was agreed with reference to, among other things, the book value of the Stock as at 8 December 2008 being HK\$692,021,440.45 and was subject to the Adjustment. The Adjustment has been determined as HK\$83,988,888 of which HK\$51,900,000 was received on Completion and further installments of HK\$12,088,888, HK\$10,000,000 and HK\$10,000,000 shall be paid on or before each of 28 August 2009, 28 September 2009 and 28 October 2009 respectively.

The consideration for the Disposal will be applied in full in satisfying the admitted claims of the creditors of the Group and the Disposal Group under the Schemes; the cost incurred in relation to the Schemes and winding-up petitions in respect of the Company and Hang Fung Jewellery; and certain expenses of the Provisional Liquidators.

## **CONDITIONS PRECEDENT**

The completion of the Disposal was subject to the fulfillment of the Initial Condition to be satisfied on or before 30 September 2009 (as might have been extended by the Provisional Liquidators by up to six months therefrom). The Initial Condition was fulfilled on 14 July 2009.

On 22 July 2009, the Provisional Liquidators gave notice to the Investor that Completion with Share Transfer was to take place. The Investor acquired the Disposal Group from the Company in accordance with the Agreement on Completion on 29 July 2009.

## **INFORMATION ON THE DISPOSAL GROUP**

The Disposal Group comprises (i) 3DGC Group; (ii) Gold Ocean; (iii) 3DG International; and (iv) La Milky Way.

### **Principal activities**

3DGC Group is principally engaged in the retailing of gold products, other precious metal products and jewellery products in the PRC. Gold Ocean is principally engaged in the retailing of gold products, other precious metal products and jewellery products in Macau. 3DG International and La Milky Way respectively hold certain trademarks; and save for holding trademarks, 3DG

International and La Milky Way are inactive.

### Financial information

The turnover, and profit/loss before and after tax of the companies comprising the Disposal Group for the two years ended 31 March 2008 and 2009 prepared in accordance with HKFRS and as extracted from the accountants' report in HKRH's VSA Circular are reproduced in the following table:

<b>3DGC Group</b>	Year ended 31 March	
	2008	2009
	HK\$	HK\$
Turnover	534,901,762	1,095,797,139
Profit/(loss) before tax	(1,568,820,824)	(107,537,792)
Profit/(loss) after tax	(1,568,820,824)	(109,426,808)

<b>Gold Ocean</b>	Year ended 31 March	
	2008	2009
	HK\$	HK\$
Turnover	56,011,930	58,325,474
Profit/(loss) before tax	(1,449,365,728)	1,868,181
Profit/(loss) after tax	(1,450,099,086)	1,169,834

<b>3DG International</b>	Year ended 31 March	
	2008	2009
	HK\$	HK\$
Turnover	-	-
Loss before tax	(1,450,720,395)	(22,370)
Loss after tax	(1,450,720,395)	(22,370)

<b>La Milky Way</b>	Year ended 31 March	
	2008	2009
	HK\$	HK\$
Turnover	-	-
Loss before tax	(1,450,717,690)	(570)
Loss after tax	(1,450,717,690)	(570)

The deficit in net assets as at 31 March 2009 in respect of the companies comprising the Disposal Group prepared in accordance with HKFRS and as extracted from the accountants' report in HKRH's VSA Circular are reproduced in the following table:

	As at 31 March 2009			
	<b>3DGC Group</b>	<b>Gold Ocean</b>	<b>3DG International</b>	<b>La Milky Way</b>
	HK\$	HK\$	HK\$	HK\$
Deficit in net assets	(1,638,509,016)	(1,449,306,887)	(1,450,750,218)	(1,450,718,258)

Each of 3DGC Group, Gold Ocean, 3DG International and La Milky Way provided guarantees to secure the senior notes with face value of US\$170 million (equivalent to HK\$1,326 million) issued by the Company on 17 October 2007. In addition, 3DGC Group gave other guarantees to The Hongkong and Shanghai Banking Corporation Limited for the banking facilities granted to Hang Fung Jewellery up to US\$32 million and US\$18 million on 18 October 2007 and 18 July 2008 respectively.

Provisions for contingent liabilities of approximately HK\$1,630.6 million and approximately HK\$139.4 million were made in the financial statements of 3DGC Group for the respective years ended 31 March 2008 and 2009 respectively in relation to the aforesaid guarantees given by 3DGC Group. Provision for contingent liabilities of approximately HK\$1,450.7 million had been made in the respective financial statements of Gold Ocean, 3DG International and La Milky Way for the year ended 31 March 2008 in relation to the aforesaid guarantees given by Gold Ocean, 3DG International and La Milky Way.

The reporting accountants stated in the accountants' reports that due to insufficient information and fundamental uncertainty relating to going concern, they do not express any opinion on the financial information stated in the accountants' reports as to whether the financial information gives a true and fair view of the state of affairs of the companies comprising the Disposal Group as at 31 March 2007, 2008 and 2009, and of the results and cash flows of the companies comprising the Disposal Group for the three years ended 31 March 2007, 2008 and 2009.

Investors and Shareholders may refer to the accountants' reports in the HKRH's VSA Circular for details of the opinions of the reporting accountants.

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

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 Hang Fung Jewellery to the Hong Kong Court on 17 October 2008 as the Company and Hang Fung Jewellery 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 Hong Kong Court on 17 October 2008 and following their appointment, they carried out a search for potential investors with a view to realising as great a return as reasonably practicable in the circumstances for Scheme Creditors, including those of the Company. After carefully reviewing and considering 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, the time required to implement the proposals and the economic conditions, 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.

As stated in the announcement of the Company dated 9 June 2009, the financial results of the Group and Disposal Group pre-Completion for the year ended 31 March 2009 is expected to decline significantly, and the Company believes that such downturn is mainly attributable to write-downs and/or provisions arising from the result of the investigation into the assets and liabilities of such companies by independent reporting accountants as disclosed in the announcement of the Company dated 14 October 2008 and to the adverse global economic conditions and the uncertain financial position of such companies.

In order to preserve the assets of the Group and Disposal Group pre-Completion available for creditors, the Disposal under Completion with Share Transfer was considered by the Provisional Liquidators to be the best option available to them to maximise the recovery for the creditors of the Company and the Hong Kong Schemes Subsidiaries.

The Group is insolvent and the Provisional Liquidators were appointed by the Hong Kong Court and the Bermuda Court. The Agreement was entered into by the Provisional Liquidators on behalf of the Company. The Company has obtained a counsel's opinion that it would be inconsistent with the insolvency liquidation regime and not appropriate for the Company to be required to seek approval from its shareholders in respect of the Disposal.

The Disposal is directed under the Schemes pursuant to the Court Orders and is not a transaction approved by the board of directors of the Company. The directors express no opinion on the fairness and reasonableness of the Disposal and whether the Disposal is in the interests of the Company and its shareholders as a whole.

Investors and Shareholders should note that following Completion with Share Transfer, the subscription agreement in respect of Completion with Share Issue referred to under the Schemes and the Agreement will not be entered into; and the Whitewash Waiver in respect of the subscription under such subscription agreement will consequently not be required.

## **EXCLUSIVITY AGREEMENT**

With a view to maximising return to the Scheme Creditors of the Company, the Provisional Liquidators are currently negotiating with the Investor regarding a proposal under which the Investor could, after Completion with Share Transfer, subscribe for a majority stake in the Company subject to, among other things, the terms of such proposal being agreed between the Provisional Liquidators and the Investor, and the Company being able to formulate a proposal acceptable to the Stock Exchange in respect of the resumption of trading in the Shares, including the Company being able to demonstrate compliance with Listing Rule 13.24 after the Disposal.

## **The Exclusivity Agreement**

On 28 July 2009, the Company, the Provisional Liquidators and the Investor entered into the Exclusivity Agreement. The Exclusivity Agreement is separate and distinct from the Agreement and implementation of the Schemes, which shall be completed on their terms. Approval from the Scheme Creditors' Committee and sanction of the courts are required for the Exclusivity Agreement to become effective. On 10 July 2009, the Scheme Administrators called a meeting of the Company's incoming Scheme Creditors' Committee in order to seek their approval of the proposal for the Company to enter into the Exclusivity Agreement and approval of which has been obtained.

## **Conditions**

The Exclusivity Agreement shall not arise and/or take effect unless and until the Company has confirmed to the Investor that the following conditions precedent have been satisfied:

1. approval and/or ratification has been given by the Scheme Creditors' Committee for the entry by the Company into the Exclusivity Agreement;
2. approval and/or ratification has been given by the Hong Kong Court (and to the extent necessary the Bermuda Court) for the Provisional Liquidators to enter into the Exclusivity Agreement; and
3. the Investor has complied with its obligations to pay HK\$51,900,000, to such account as the Provisional Liquidators shall direct, on or about the date of the Exclusivity Agreement.

The terms of the Exclusivity Agreement are also conditional upon compliance by the parties with all consequential orders and/or directions of the Hong Kong Court (and to the extent necessary the Bermuda Court) in respect of the matters contemplated therein. The Exclusivity Agreement will terminate automatically if the conditions have not been satisfied by 3 p.m. on 19 August 2009.

As at the date of this announcement, conditions precedent 1 and 3 have been satisfied.

## **Exclusivity**

Subject to satisfaction of the conditions, during the Exclusivity Period, neither the Provisional Liquidators, the members of the post-Scheme Group nor their directors, advisers, agents or employees shall, directly or indirectly, enter into any discussion or agreement with any person except the Investor, its advisers, agents and employees relating to the acquisition of a controlling shareholding interest in the Company.

During the Exclusivity Period, the Investor shall use its best endeavours to prepare and submit

the Resumption Proposal to the Stock Exchange pursuant to the terms indicated in the Exclusivity Agreement. Upon the occurrence of the earlier of (i) the end of the Exclusivity Period; or (ii) the rejection of the Resumption Proposal by the Stock Exchange following the occurrence of any two of an application for review, revision or appeal, the Exclusivity Agreement shall terminate.

If the Resumption Proposal is rejected by the Stock Exchange, the Investor shall be entitled to request and the Company shall on such request submit a review, revision or appeal to the Stock Exchange provided that (i) the Investor shall be responsible for all the costs and expenses of the Company and the Provisional Liquidators in connection with such review, revision or appeal (ii) the Company shall not be required to undertake such submission if in the Provisional Liquidators' absolute discretion (acting reasonably) there is no merit in doing so.

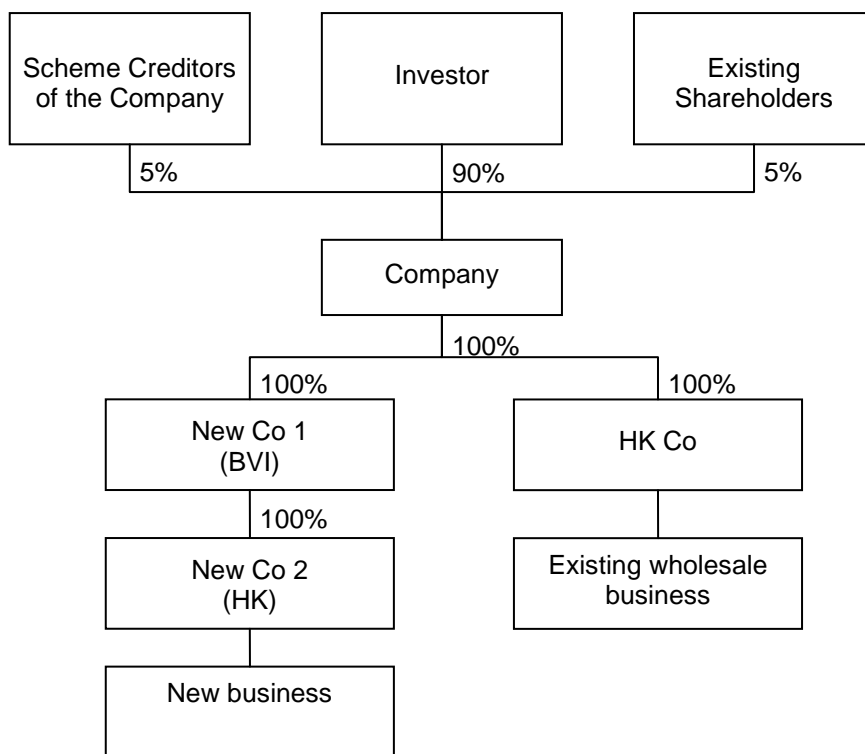
### **Principal Terms of the Resumption Proposal**

Subject to satisfaction of the conditions, the Resumption Proposal is expected to be put forward on the basis of (among other things) a corporate restructuring and the Capital Restructuring, the details of which are set out as follows:

#### Corporate Restructuring

1. the Company would incorporate New Co 1 and New Co 2 (New Co 2 being a wholly-owned subsidiary of New Co 1).
2. the existing wholesale business would be operated by HK Co.

The expected structure of the Company upon successful completion of the Resumption Proposal is illustrated in the following diagram:



Remark: The Investor shall, following the Capital Restructuring and the issue and allotment of the Subscription Shares, transfer 5% of the enlarged issued ordinary share capital of the Company to a nominee of the Scheme Administrators notified to it by the Provisional Liquidators or the Scheme Administrators.

### Capital Restructuring

1. The implementation of the Capital Restructuring shall be on such composition and basis as the parties may determine as being appropriate to the Company, such as the amount of the authorised share capital attributable to New Shares, the nominal values of the New Shares and the number of the Subscription Shares, provided that if the parties cannot agree on the composition or basis of the Capital Restructuring, it shall be on such composition and basis as the Provisional Liquidators shall in their absolute discretion determine.
2. Subject to satisfaction of the conditions of the Exclusivity Agreement, implementation of the Capital Restructuring and such other terms as the Company may agree, the Investor is expected to subscribe for and the Company is expected to issue and allot to the Investor the Subscription Shares upon payment of HK\$200,000,000 as subscription monies for the Subscription Shares.
3. If the Stock Exchange approves the Resumption Proposal and following its Share Subscription, the Investor would take steps to restore the public float of the Company by, to

the extent necessary, selling and/or transferring an appropriate part of the Subscription Shares.

4. The Investor undertakes that it shall, following the Capital Restructuring and the issue and allotment of the Subscription Shares, transfer 5% of the enlarged issued ordinary share capital of the Company to a nominee of the Company's Scheme Administrators notified to it by the Provisional Liquidators or the Company's Scheme Administrators (as the case may be) and shall not be concerned as to the identity of the relevant transferee(s) (save for the purposes of executing the documents required validly to perfect such transfer(s)).
5. The Company's Scheme Administrators shall receive HK\$70,000,000 from the Company for distribution to the relevant creditors of the Company under its Scheme in accordance with its terms and the Investor shall not be concerned as to the apportionment between nor the identity of the relevant creditors.

#### Implementation of Resumption Proposal

Implementation of the Resumption Proposal will be conditional upon the following conditions which are not exhaustive which will not be waivable:

1. Shareholders' approval, including approval by disinterested and/or independent Shareholders, of the relevant resolutions for the Capital Restructuring, Share Subscription and the Whitewash Waiver;
2. if necessary, approvals and sanctions from the Bermuda Court (and, if applicable, the Hong Kong Court) for the Company to effect the Capital Restructuring;
3. all necessary approvals, sanctions and filings having been obtained and completed and having not been revoked in relation to any proposed modification of the Schemes to allow for the Resumption Proposal;
4. receipt of requisite third party consents and/or approvals in relation to the Whitewash Waiver including but not limited to the grant of the Whitewash Waiver by the Executive;
5. the Stock Exchange having agreed to grant the resumption of trading in the Shares of the Company and the approval by the Listing Committee of the Stock Exchange for the granting of listing and permission to deal in the Subscription Shares, Creditors Shares and the New Shares to be issued upon implementation;
6. all necessary waivers, consent and approvals including but not limited to those from the Stock Exchange, the SFC and any other relevant regulatory authorities and relevant parties, which are required for the implementation of the Resumption Proposal having been obtained and having not been revoked; and

7. the removal and discharge of the Provisional Liquidators as provisional liquidators of the Company in Hong Kong and Bermuda.

#### Provisions of Working Capital and Compliance with Listing Rule 13.24 Requirements

1. If requested by the Stock Exchange for its acceptance or approval of the Resumption Proposal, the Investor agrees to undertake to the Stock Exchange and/or the Company that it shall make such financial accommodation available to the Company for the working capital requirements of the post-Scheme Group on such terms and conditions as is so requested.
2. The Investor will finance the business operations of New Co 2, while the shares of New Co 2 will be pledged to the Investor as security.

#### **POSSIBLE WHITEWASH WAIVER APPLICATION BY THE INVESTOR**

Subject to satisfaction of the conditions of the Exclusivity Agreement, implementation of the Capital Restructuring and such other terms as the Company may agree, the Investor is expected to subscribe for and the Company is expected to issue and allot to the Investor the Subscription Shares upon payment of HK\$200,000,000 as subscription monies for such Subscription Shares (but, for avoidance of doubt, no Shares will be purchased by the Investor).

The Investor will own more than 30% of the voting rights of the Company upon completion of the Share Subscription and there will be an obligation on the part of the Investor to make a general offer to the holders of the Shares upon completion of the Share Subscription. The Resumption Proposal is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the independent holders of the Shares at the relevant special general meeting of the Company and such condition will not be waivable. Accordingly, 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 Shares at the relevant special general meeting of the Company by way of poll.

**Investors and Shareholders should note that the Share Subscription may or may not proceed. The Company will comply with all applicable rules of the Takeovers Code and the Listing Rules, including publishing further announcements relating to the details of the Share Subscription and the Whitewash Waiver, as and when necessary and appropriate.**

#### **INFORMATION ON THE INVESTOR**

The Investor is a subsidiary of HKRH. HKRH and its subsidiaries are principally engaged in the trading of gold salt and electroplating chemicals in Hong Kong.

## **DELISTING PROCEDURES**

By a letter dated 31 July 2009 issued by the Stock Exchange to the Provisional Liquidators, the Stock Exchange informed the Provisional Liquidators that the Stock Exchange has placed the Company in the first stage of delisting under Practice Note 17 and that the Company must submit a viable resumption proposal by 30 January 2010. The Stock Exchange also sets out, in that letter, that the Company is required to submit a viable resumption proposal to address the following resumption conditions:

1. Demonstrate that the Company has a sufficient level of operations or has assets of sufficient value as required under Listing Rule 13.24.
2. Publish all outstanding financial results and address any concerns that may be raised by auditors through qualification of their audit reports.
3. Withdrawal or dismissal of the winding-up petitions, and discharge of the provisional liquidators.
4. Demonstrate that the market is properly informed of all material information related to the Group that is necessary to enable them to appraise the position of the Group, including but not limited to, an investigation currently being conducted by the Commercial Crime Bureau of the Hong Kong Police Force into matters relating to the Company and whether such matters are related to the Group, and the implications of the above matters to the Group's liquidity, operations, assets and financial position.
5. Demonstrate that circumstances no longer exist to suggest that there may be significant deficiencies in the internal control system of the Group and/or concern about management integrity which will pose a risk to investors and may damage market confidence.
6. The Company's independent non-executive directors to review matters pertaining to the aforesaid investigation conducted by the Commercial Crime Bureau of the Hong Kong Police Force and work done by an independent firm to provide reasonable assurance in respect of matters set out in (4) and (5) above.

If the Company fails to submit a viable resumption proposal to address the above conditions by 30 January 2010, the Stock Exchange may proceed to place the Company in the second stage of the delisting procedures under Practice Note 17.

## **LISTING RULES AND TAKEOVERS CODE IMPLICATION**

The Disposal is an involuntary transaction not within the Company's control. It is subject to the disclosure requirements provided in Listing Rule 13.09(1).

Trading in the Shares has been suspended since 30 September 2008. After completion of the Disposal, the Company may or may not submit a resumption proposal to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange. The Company is also aware that after completion of the Disposal it needs to satisfy Listing Rule 13.24 which requires that a listed issuer shall carry out 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 the issuer's securities.

The Company intends to write to the Stock Exchange separately in due course with regard to Listing Rule 13.24 in terms of the Group's remaining business operations post Completion. The Company is aware that it needs to satisfy the resumption conditions imposed by the Stock Exchange and is working with a view to submitting a resumption proposal to the Stock Exchange should it wish to resume trading on the Stock Exchange.

Based on the submissions and representations made by the Company, the Executive has confirmed to the Company that, in relation to Note 7 to Rule 2 of the Takeovers Code, Rule 2.10 of the Takeovers Code will not apply to the Disposal.

## **GENERAL**

The Group is, upon completion of the Disposal, expected to continue to be principally engaged in the selling of gold products, other precious metal products and jewellery products.

At the request of the Company, trading in the shares of the Company has been suspended since 2:30 p.m. on 30 September 2008 and shall remain suspended until further notice.

As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely Ms. Chan Yam Fai, Jane, Ms. Ng Yee Mei and Mr. Yeung Hon Yuen.

## **DEFINITIONS**

In this announcement, the following expressions have the following meanings:

"3DG Enterprise"	3D-GOLD Enterprise Development (Shenzhen) Company Limited, a company established in the PRC and a wholly-owned subsidiary of 3DGC
"3DG International"	3D-GOLD International Company Limited, a company incorporated in Hong Kong and an indirectly wholly-owned subsidiary of the Company
"3DGC"	3D-GOLD Company Limited, a company incorporated in Hong Kong and an indirectly wholly-owned subsidiary of the Company



“3DGC Group”	3DGC and 3DG Enterprise
“Adjustment”	the adjustment to the Offered Stock Price. The adjustment amount 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 amended by the supplemental deed entered into by the Company, the Provisional Liquidators, the Investor and the Guarantors on 16 March 2009
“Announcements”	the announcements of the Company dated 6 February 2009, 5 March 2009, 17 March 2009, 6 April 2009, 5 May 2009, 4 June 2009, 17 June 2009, 26 June 2009, 3 July 2009 and 21 July 2009
“Bermuda Court”	the Supreme Court of Bermuda
“Bermuda Scheme”	the scheme of arrangement made between the Company and its creditors pursuant to section 99 of the Companies Act 1981 of Bermuda subject to any condition approved or imposed by the Bermuda Court and as sanctioned by the Bermuda Court on 26 June 2009
“Business”	the business of manufacturing, trading and retail of gold products, other precious metal products and jewellery products carried on by the Disposal Group in the PRC (excluding Hong Kong and Macau) and, if any, in Hong Kong as at the Effective Date but, for the avoidance of doubt, excluding any wholesale business
“Business Day”	a day (excluding Saturdays, Sundays and public holidays) on which banks are generally open for business in Hong Kong

“BVI Court”	the High Court of the BVI
“Capital Restructuring”	the proposed restructuring of the capital of the Company comprising a capital reduction, a capital cancellation, a consolidation and a capital increase pursuant to the Exclusivity Agreement
“Company”	3D-GOLD Jewellery Holdings Limited (Provisional Liquidators Appointed) (formerly known as Hang Fung Gold Technology Limited), a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Agreement and the transactions contemplated thereunder
“Completion with Share Issue”	completion of the Agreement that required the issue of certain ordinary shares and Preference Shares of the Company to the Investor under the Agreement
“Completion with Share Transfer”	completion of the Agreement that required the transfer of the 100% equity interests of the Disposal Group to the Investor
“Cost Prices”	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 Orders”	the orders of the Hong Kong Court and the Bermuda Court sanctioning the respective Schemes
“Creditors Shares”	such number of Subscription Shares, representing 5% of the enlarged issued ordinary share capital of the Company following the Capital Restructuring and the issue and allotment of the Subscription Shares, to be transferred by the Investor to a nominee of the Scheme Administrators notified to it by the Provisional Liquidators or the Scheme Administrators (as the case may be)
“Disposal”	the disposal of the Disposal Group by the Company to the Investor as contemplated under Completion with Share Transfer

“Disposal Group”	(i) 3DGC Group; (ii) Gold Ocean; (iii) 3DG International; and (iv) La Milky Way
“Effective Date”	the date on which the Schemes became effective by virtue of the delivery of office copies of the orders of the Hong Kong Court sanctioning the Hong Kong Schemes to the Registrar of Companies in Hong Kong for registration, and 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
“Excluded Companies”	the Group excluding the Disposal Group and, on Completion with Share Issue, the Company
“Exclusivity Agreement”	a conditional agreement dated 28 July 2009 and entered into by the Company, the Provisional Liquidators and the Investor which sets out certain terms and conditions upon which the Investor is to be entitled to participate in the submission of the Resumption Proposal
“Exclusivity Period”	the period of ninety days from and inclusive of the date of the Exclusivity Agreement
“Executive”	Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Payment Date”	the date falling five (5) Business Days after (and including) the date on which the Initial Condition was satisfied
“Gold Ocean”	Gold Ocean Jewellery Company Limited, a company incorporated in Macau and an indirectly wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Guarantors”	HKRH and Mr. Liu
“Hang Fung Jewellery”	Hang Fung Jewellery Company Limited (Provisional Liquidators Appointed), an indirectly wholly-owned subsidiary of the Company
“HK Co”	an existing wholly-owned subsidiary of the Company being neither in the Disposal Group nor the direct subject of any of the Schemes
“HKRH”	Hong Kong Resources Holdings Company Limited (formerly known as Ocean Grand Chemicals Holdings Limited), the shares of which are listed on the main board of the Stock Exchange

“HKRH’s VSA Circular”	the circular dated 12 June 2009 issued by HKRH in respect of, among other things, HKRH’s proposed acquisition of the Disposal Group from the Company which will constitute a very substantial acquisition for HKRH
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Court”	the High Court of Hong Kong
“Hong Kong Schemes”	the several schemes of arrangement made between the Company and its creditors and between the Hong Kong Schemes Subsidiaries and their respective creditors pursuant to section 166 of the Companies Ordinance and as sanctioned by the Hong Kong Court on 7 July 2009
“Hong Kong Schemes Subsidiaries”	3DGC, 3DG International and La Milky Way
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Initial Condition”	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 determined necessary the Bermuda Court and requisite majority of the creditors, the sanction by the Hong Kong Court, and if the Provisional Liquidators determined 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 30 September 2009
“Investor”	China Gold Silver Group Company Limited, a subsidiary of HKRH, and owned as to 60% by HKRH, 30% by Mr. Liu Wang Zhi and 10% by Ace Captain Investments Limited which is wholly owned by Mr. Lee Ka Shing
“La Milky Way”	La Milky Way International Company Limited, a company incorporated in Hong Kong and an indirectly wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited

“Macau”	Macau Special Administrative Region of the PRC
“Mr. Liu”	Mr. Liu Wang Zhi, who is the holder of 30% of the issued share capital of the Investor
“New Co 1”	a new wholly-owned subsidiary of the Company to be incorporated under the laws of the British Virgin Islands
“New Co 2”	a new subsidiary of the Company to be incorporated, subject to the fulfillment of certain conditions, in Hong Kong and wholly-owned by New Co 1
“New Shares”	the new shares in the capital of the Company following the Capital Restructuring
“Offered Stock Price”	the price offered by the Investor as payable for the Stock, being HK\$330,000,000
“Practice Note 17”	Practice Note 17 to the Listing Rules
“Provisional Liquidators”	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
“PRC”	the People’s Republic of China
“Preference Shares”	such convertible, non-redeemable preference shares of HK\$0.01 each in the capital of the Company following a capital restructuring in such term as the Company was to have determined on Completion with Share Issue
“Proceeds Account”	a designated bank account opened by the Company with a bank licensed in Hong Kong for receipt of, among other things, the proceeds in respect of the Disposal
“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 of the Company on the Stock Exchange as referred to in the Listing Rules
“Scheme Administrators”	the persons appointed as scheme administrators pursuant to the terms of the Schemes, namely Messrs. Darach Haughey, Yeung Lui Ming and Edmond Wah Bon Ching of Deloitte Touche Tohmatsu of 35 <sup>th</sup> Floor, One

Pacific Place, 88 Queensway, Hong Kong

“Scheme Creditors”	the admitted creditors of the Company, 3DGC, 3DG International and La Milky Way
“Scheme Creditors’ Committees”	the committees of Scheme Creditors to be formed pursuant to the Schemes
“Schemes”	the Hong Kong Schemes and the Bermuda Scheme
“SFC”	the Securities and Futures Commission of Hong Kong
“Shareholders”	the holders of the Shares
“Share Subscription”	the Investor’s subscription for and the issue and allotment of the Subscription Shares by the Company to the Investor, subject to satisfaction of the conditions, implementation of the Capital Restructuring and such other terms as the Company may agree
“Shares”	the ordinary shares of the Company which are listed on the main board of the Stock Exchange
“Stock”	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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stock List”	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)
“Stock Price Percentage”	the percentage derived from the calculation of: $\frac{\text{Offered Stock Price}}{\text{Stock Value}} \times 100$
“Stock Value”	the aggregate Cost Prices for the Stock set out in Stock List being HK\$692,021,440.45
“Subscription Shares”	such number of New Shares to be issued by the Company to the Investor pursuant to a subscription agreement (to be entered into

between the Company and the Investor) 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, as the case may be, 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 the Company's Scheme Creditors

"Takeovers Code"

the Code on Takeovers and Mergers

"Whitewash Waiver"

a waiver granted by the Executive Director of the Corporate Finance Division of the SFC 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 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, 3 August 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 HKRH and its subsidiaries contained in this announcement has been compiled from the published announcements and circulars of HKRH. The Provisional Liquidators jointly and severally take responsibility for the correctness and fairness of the reproduction or presentation of such information.*