

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This joint announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Hong Kong Resources Holdings Company Limited or Luk Fook Holdings (International) Limited.



**HONG KONG RESOURCES
HOLDINGS COMPANY LIMITED**

香港資源控股有限公司

*(Incorporated in Bermuda with limited liability and
carrying on business in Hong Kong
as HKRH China Limited)*

(Stock Code: 2882)



**LUK FOOK HOLDINGS
(INTERNATIONAL) LIMITED**

六福集團(國際)有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 0590)

JOINT ANNOUNCEMENT IN RELATION TO

- | | |
|---|--|
| <p>(1) DISPOSAL OF 50% INTEREST IN CGS
CONSTITUTING MAJOR TRANSACTION;
(2) SHAREHOLDERS' DEED;
(3) ISSUE OF HKRH CONVERTIBLE BONDS;
(4) GRANT OF CGS SHARE OPTION;
AND
(5) SUPPLY AGREEMENT AND
COMPETITIVENESS ENHANCEMENT
AGREEMENT CONSTITUTING CONTINUING
CONNECTED TRANSACTIONS</p> | <p>(1) ACQUISITION OF 50% INTEREST IN
CGS CONSTITUTING DISCLOSEABLE
TRANSACTION;
(2) SHAREHOLDERS' DEED;
(3) SUBSCRIPTION OF HKRH
CONVERTIBLE BONDS; AND
(4) SUBSCRIPTION OF CGS SHARE OPTION</p> |
|---|--|

**Financial Adviser to
Hong Kong Resources Holdings Company
Limited**

CROSBY
Crosby Securities Limited

**Independent Financial Adviser to the
HKRH Independent Board Committee and the
HKRH Independent Shareholders**



GF Capital (Hong Kong) Limited

INTRODUCTION

The respective board of directors of HKRH and Luk Fook Holdings are pleased to announce that on 28 January 2014, (i) HKRH, Luk Fook and CGS entered into the CGS Agreement; and (ii) the HKRH Controlling Shareholder executed the HKRH CS Undertaking.

Subject to and upon Completion, (i) HKRH, Luk Fook and CGS will enter into, among others, the Shareholders' Deed; (ii) HKRH will issue to Luk Fook, and Luk Fook will subscribe for the HKRH Convertible Bonds; (iii) CGS will grant to Luk Fook, and Luk Fook will subscribe for the CGS Share Option; (iv) LF Controlling Shareholder will execute the LF CS Undertaking; (v) Maxigood and CGS will enter into the Supply Agreement; and (vi) Luk Fook's related company and a member of the CGS Group will enter into the Competitiveness Enhancement Agreement.

THE CGS AGREEMENT

(I) THE SHARE TRANSACTION

Pursuant to the CGS Agreement, among other things, HKRH agreed to sell and Luk Fook agreed to purchase the Sale Shares, representing 50% of the issued share capital of CGS as at the date of this announcement, upon and subject to the terms and conditions of the CGS Agreement. The Consideration shall be 50% of the balance of the Audited Net Asset Value less HK\$60,000,000. With reference to the unaudited financial statements of the CGS Group as at 30 September 2013, the Consideration is estimated to be approximately HK\$282.7 million. The Deposit will be paid by the Purchaser to the Vendor within three Business Days of the date of the CGS Agreement. Upon payment of the Deposit, HKRH will execute the Share Charge in favour of Luk Fook.

As at the date of this announcement, CGS is a wholly-owned subsidiary of HKRH. The CGS Group is principally engaged in the trading and sale of gold, platinum and jewellery products in Hong Kong, Macau and other region in the PRC through retailing, franchising and e-commerce under the brand or trade names of "3D-Gold", "金至尊", "La Milky Way" and "銀河明星". Upon Completion, HKRH will continue to hold 50% interest in CGS, and CGS shall continue to be accounted for as a subsidiary of HKRH pursuant to the relevant accounting standards issued by the Hong Kong Institute of Certified Public Accountants.

Based on the Consideration of approximately HK\$282.7 million, with reference to the unaudited financial statements of the CGS Group as at 30 September 2013, the net proceeds receivable by HKRH from the Share Transaction is approximately HK\$279.8 million, which HKRH shall apply towards (i) the partial repayment of HKRH's bank and other borrowings of approximately HK\$85.0 million, (ii) capital injection of HK\$100 million by way of shareholders' loan into CGS for the purpose of general working capital and business expansion of the CGS Group and (iii) the balance of approximately HK\$94.8 million as HKRH's general working capital.

(II) THE HKRH CB SUBSCRIPTION

Pursuant to the CGS Agreement, among other things, at Completion, HKRH will issue, and Luk Fook will subscribe for, the HKRH Convertible Bonds in the principal amount of HK\$57,080,000 convertible into HKRH Shares at the HKRH Conversion Price of HK\$0.18 per HKRH Conversion Share (subject to adjustments), upon and subject to the terms and conditions of the CGS Agreement.

Upon full conversion of the HKRH Convertible Bonds, a total of 317,111,111 HKRH Conversion Shares will be issued to Luk Fook, representing approximately 9.99% of the existing issued share capital of HKRH as at the date of this announcement, and approximately 9.09% of the issued share capital of HKRH as enlarged by the issue of the HKRH Conversion Shares.

The net proceeds of approximately HK\$57 million receivable by HKRH from the HKRH CB Subscription shall be applied towards HKRH's general working capital.

(III) THE CGS SHARE OPTION

Pursuant to the CGS Agreement, among other things, at Completion, CGS will grant the CGS Share Option to Luk Fook, upon and subject to the terms and conditions of the CGS Agreement.

Assuming full exercise of the CGS Share Option as at the date of this announcement, a total of 205 CGS Share Option Shares will be issued to Luk Fook based on the initial CGS Share Option Exercise Price, representing approximately 6.15% of the existing issued share capital of CGS as at the date of this announcement, and approximately 5.48% of the issued share capital of CGS as enlarged by the issue of all the Existing CGS Conversion Shares (assuming conversion in full of the Existing CGS Convertible Bonds) and the CGS Share Option Shares.

(IV) THE SUPPLY AGREEMENT

Subject to and upon Completion, CGS and Maxigood, a wholly-owned subsidiary of Luk Fook Holdings, will enter into the Supply Agreement. Pursuant to the Supply Agreement, Maxigood (for itself and as an agent for and on behalf of each of the subsidiaries of Luk Fook Holdings) shall supply to CGS (for itself and as an agent for and on behalf of each of its subsidiaries), and CGS (for itself and as an agent for and on behalf of each of its subsidiaries) shall purchase from Maxigood (for itself and as an agent for and on behalf of each of the subsidiaries of Luk Fook Holdings), raw materials and/or finished goods in respect of platinum and gold jewellery and gold ornaments, gem-set jewellery, jadeites, gemstones and other accessory items from the Completion Date to 30 June 2016, upon and subject to the terms of the Supply Agreement. The maximum amount payable by CGS to Maxigood pursuant to the Supply Agreement is estimated to be no more than HK\$260,000,000, HK\$520,000,000 and HK\$780,000,000 for each of the three years ending 30 June 2014, 2015, and 2016, respectively.

(V) THE COMPETITIVENESS ENHANCEMENT AGREEMENT

Subject to and upon Completion, Luk Fook's related company and a member of the CGS Group will enter into the Competitiveness Enhancement Agreement. Pursuant to the Competitiveness Enhancement Agreement, Luk Fook's related company shall provide to member(s) of the CGS Group such services and assistance that enhance and improve operation efficiency and competitiveness, and improve product quality and standards of the businesses of the CGS Group, being the trading and sale of gold, platinum and jewellery products in Hong Kong, Macau and the PRC through retailing, franchising and e-commerce under the brand or trade names of "3D-Gold", "金至尊", "La Milky Way" and "銀河明星" and other brand(s) currently owned or licensed to CGS Group, and such other business or activities, brand(s) and territories as the shareholders of CGS may agree from time to time from the Completion Date to 30 June 2016, upon and subject to the terms of the Competitiveness Enhancement Agreement. The maximum amount payable by the CGS Group to the Luk Fook Group pursuant to the Competitiveness Enhancement Agreement is estimated to be no more than HK\$10,000,000 for each of the three years ending 30 June 2014, 2015, and 2016, respectively.

LISTING RULES IMPLICATIONS

HKRH

From the perspective of HKRH, as the applicable percentage ratios in respect of the Share Transaction are higher than 25% but below 75%, the Share Transaction constitutes a major transaction for HKRH and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The issue of the HKRH Conversion Shares will be subject to HKRH Shareholders' approval. An SGM of HKRH will be convened for the purposes of approving, among other things, the grant of the Specific Mandate to issue the HKRH Conversion Shares.

The issue of the CGS Share Option Shares upon exercise of the CGS Share Option will result in a reduction of the percentage equity interest of HKRH in CGS. This will be deemed as a disposal of interest in CGS by HKRH under Chapter 14 of the Listing Rules. Pursuant to the CGS Share Option Terms, the right to exercise the CGS Share Option is subject to the conversion of the Existing CGS Convertible Bonds. HKRH will comply with any applicable requirements of the Listing Rules at the time of the conversion of the Existing CGS Convertible Bonds. The exercise of the CGS Share Option by Luk Fook shall be subject to the conversion of the Existing CGS Convertible Bonds by its holder.

Upon Completion, as CGS will continue to be accounted for as a subsidiary of HKRH and will be owned as to 50% by each of HKRH and Luk Fook, Luk Fook together with its associates will become connected persons of HKRH under Chapter 14A of the Listing Rules.

As the applicable percentage ratios to HKRH in respect of the transactions contemplated under the Supply Agreement exceed 5%, the transactions contemplated under the Supply Agreement constitute non-exempt continuing connected transactions of HKRH and are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the applicable percentage ratios to HKRH in respect of the transactions contemplated under the Competitiveness Enhancement Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Competitiveness Enhancement Agreement constitute exempt continuing connected transactions and are subject only to the reporting, annual review, and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Luk Fook Holdings

From the perspective of Luk Fook Holdings, as one or more of the applicable percentage ratios (as defined under the Listing Rules) are more than 5% but less than 25%, the transactions contemplated under the CGS Agreement (including the Share Transaction, the HKRH CB Subscription, the subscription of CGS Share Option) and the Shareholders' Deed constitute a discloseable transaction of Luk Fook Holdings and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

Upon the exercise of the CGS Share Option, it may then also constitute a notifiable transaction of Luk Fook Holdings under Chapter 14 of the Listing Rules. Luk Fook Holdings will comply with the applicable requirements of the Listing Rules at the time of the exercise of the CGS Share Option.

GENERAL

As at the date of this announcement, Luk Fook Holdings, Mr. Wong, Mr. Hui and his associates together are interested in 57,480,802 HKRH Shares (comprising 45,000,000 HKRH Shares held by Luk Fook Holdings, 5,831,430 HKRH Shares personally held by Mr. Wong and 6,649,372 HKRH Shares held by Mr Hui and his associates) representing approximately 1.81% of the issued share capital of HKRH. As Luk Fook is a wholly-owned subsidiary of Luk Fook Holdings, Mr. Wong is the controlling shareholder, the chairman and chief executive, and an executive director of Luk Fook Holdings and Mr. Hui is a non-executive director of Luk Fook Holdings, they may be considered as having material interests in the Transactions. Luk Fook Holdings, Mr. Wong, Mr. Hui and his associates will abstain from voting on the resolutions to be proposed at the SGM of HKRH in relation to the CGS Agreement, the grant of the Specific Mandate, the grant of the CGS Share Option, the Shareholders' Deed and the Supply Agreement (including the Annual Caps (Supply)).

The HKRH Independent Board Committee will be established to advise the HKRH Independent Shareholders in relation to the terms of the Supply Agreement (including the Annual Caps (Supply)) and the transactions contemplated thereunder. GF Capital, the independent financial adviser to HKRH, has been appointed to advise the HKRH Independent Board Committee and the HKRH Independent Shareholders in relation to the terms of the Supply Agreement (including the Annual Caps (Supply)) and the transactions contemplated thereunder.

An SGM of HKRH will be convened to consider and approve the CGS Agreement, the grant of the Specific Mandate, the grant of the CGS Share Option, the Shareholders' Deed and the Supply Agreement (including the Annual Caps (Supply)). A circular containing, among other things, (i) details of the CGS Agreement, the Shareholders' Deed, and the Supply Agreement; (ii) further information on the Share Transaction; (iii) further information on the HKRH CB Subscription and the CGS Share Option; (iv) the financial information of the HKRH Group; (v) the recommendation of the HKRH Independent Board Committee to the HKRH Independent Shareholders in relation to the Supply Agreement (including the Annual Caps (Supply)); (vi) the advice of GF Capital to the HKRH Independent Board Committee and the HKRH Independent Shareholders; and (vii) a notice convening the SGM of HKRH together with the proxy form and other information as required under the Listing Rules is expected to be despatched to the HKRH Shareholders on or before 19 February 2014.

The Transactions are subject to the fulfillment of a number of conditions precedent set out in the CGS Agreement. As such, the Transactions may or may not proceed. Shareholders and potential investors of Luk Fook Holdings and HKRH are advised to exercise extreme caution when dealing in the securities of Luk Fook Holdings and HKRH.

INTRODUCTION

Reference is made to the joint announcement by HKRH and Luk Fook Holdings dated 5 November 2013 in relation to the MOU entered into between HKRH and Luk Fook Holdings.

On 28 January 2014, (i) HKRH, Luk Fook and CGS entered into the CGS Agreement; and (ii) the HKRH Controlling Shareholder executed the HKRH CS Undertaking.

Subject to and upon Completion, (i) HKRH, Luk Fook and CGS will enter into, among others, the Shareholders' Deed; (ii) HKRH will issue to Luk Fook, and Luk Fook will subscribe for the HKRH Convertible Bonds; (iii) CGS will grant to Luk Fook, and Luk Fook will subscribe for the CGS Share Option; (iv) LF Controlling Shareholder will execute the LF CS Undertaking; (v) Maxigood and CGS will enter into the Supply Agreement; and (vi) Luk Fook's related company and a member of the CGS Group will enter into the Competitiveness Enhancement Agreement.

THE CGS AGREEMENT

(I) THE SHARE TRANSACTION

Parties

Vendor: HKRH;
Purchaser: Luk Fook; and
Target: CGS

To the best of the HKRH Directors' knowledge, information and belief, having made all reasonable enquiries, save for the 57,480,802 HKRH shares held by Luk Fook Holdings, Mr. Wong, Mr. Hui and his associates, Luk Fook and its ultimate beneficial owner(s) are third parties independent of HKRH and the connected persons of HKRH.

To the best of the Luk Fook Directors' knowledge, information and belief, having made all reasonable enquiries, HKRH and its ultimate beneficial owner(s) are third parties independent of Luk Fook Holdings and the connected persons of Luk Fook Holdings.

Subject of the Share Transaction

The Sale Shares, representing 50% of the issued share capital of CGS as at the date of this announcement.

Consideration and payment terms

The Consideration shall be 50% of the balance of the Audited Net Asset Value less HK\$60,000,000.

With reference to the unaudited financial statements of the CGS Group as at 30 September 2013, being the latest financial statements available as at the date of this announcement, the Consideration is estimated to be approximately HK\$282.7 million. The Consideration was determined after arm's length negotiations between HKRH and Luk Fook with reference to the net assets value of the CGS Group. Each of HKRH and Luk Fook Holdings will comply with the applicable Listing Rules if the actual Consideration affects the size classification of the Share Transaction.

Luk Fook shall pay the sum of HK\$50,000,000 as deposit (the “**Deposit**”) to HKRH within 3 Business Days of the date of the CGS Agreement, and as at the date of payment of the Deposit HKRH shall execute a share charge (the “**Share Charge**”) in favour of Luk Fook over approximately 15% of the issued share capital of CGS as security for HKRH’s obligations and liabilities to repay the Deposit. At Completion, the Deposit shall be applied as part payment of the consideration for the Sale Shares, and Luk Fook shall pay to HKRH in cash the remaining balance of the Consideration. After Completion, Luk Fook shall within 3 Business Days thereof deliver to HKRH a release of the Share Charge executed by Luk Fook as chargee in favour of HKRH as chargor dated the Completion Date.

If (i) the Conditions are not fulfilled or waived by the Long Stop Date; or (ii) Completion does not occur within 5 Business Days of the Long Stop Date, Luk Fook may by notice in writing to HKRH to terminate the CGS Agreement. HKRH shall then refund the Deposit (together with the relevant interest on the Deposit) to Luk Fook in full amount in accordance with the terms in the CGS Agreement.

Completion of the Share Transaction

Completion shall take place on the Completion Date. Upon Completion, HKRH will continue to hold 50% interest in CGS, and CGS shall continue to be accounted for as a subsidiary of HKRH pursuant to the relevant accounting standards issued by Hong Kong Institute of Certified Public Accountants.

Upon Completion, the HKRH Group will be principally engaged in the trading and sale of gold, platinum and jewellery products in Hong Kong, Macau and other region in the PRC through retailing, franchising and e-commerce under the brand or trade names of “3D-Gold”, “金至尊”, “La Milky Way” and “銀河明星”.

Deed of undertaking by HKRH Controlling Shareholder

In consideration of Luk Fook entering into of the CGS Agreement, the HKRH Controlling Shareholder undertakes with Luk Fook that (i) he, together with his associates, shall maintain an aggregate shareholding carrying voting rights at general meeting of HKRH at all times to 25% or above; and (ii) he shall, and shall procure his associates to attend the general meeting(s) of HKRH and cast all his/her/its voting entitlements in HKRH and vote in favour of all relevant resolutions which are necessary to give effect to the Transactions. Such undertakings shall be terminated and shall cease to be any further force or effect upon (a) Completion not having occurred in accordance with the CGS Agreement or (b) where Completion of the Transaction having occurred, then either (i) Luk Fook ceases to own any shares in CGS; or (ii) the Flotation Date; or (iii) CGS ceases to exist.

Deed of undertaking by LF Controlling Shareholder

In consideration of HKRH entering into of the CGS Agreement, upon and subject to Completion, the LF Controlling Shareholder will undertake with HKRH that it shall attend the general meeting(s) of Luk Fook Holdings and cast all its voting entitlements in Luk Fook Holdings and vote in favour of all relevant resolutions which are necessary to give effect to the Transactions. Such undertakings shall be terminated and shall cease to be any further force or effect upon (i) HKRH ceases to own any shares in CGS, (ii) the Flotation Date or (iii) CGS ceases to exist.

Shareholders' Deed

Subject to and upon Completion, HKRH, Luk Fook and CGS will enter into, among others, the Shareholders' Deed to govern the relationships among shareholders of CGS and the CGS Group.

The principal terms of the Shareholders' Deed are set out below:

The business

The parties to the Shareholders' Deed shall procure that the business of CGS be (i) the activities which have been carried on by the CGS Group in the last and current financial year, including the trading and sale of gold, platinum and jewellery products in Hong Kong, Macau and the PRC through retailing, franchising and e-commerce under the brand and other brand(s) currently owned or licensed to the CGS Group, and (ii) such other activities and brand(s) and territories as may from time to time may be mutually agreed by Luk Fook and HKRH.

Financial commitment

Within 3 Business Days after the date of the Shareholders' Deed, HKRH and Luk Fook shall each provide funding of HK\$100,000,000 to CGS by way of shareholders' loans for the purpose of general working capital and business expansion of CGS. Any future funding requirements shall be met in such manner and at such times as HKRH and Luk Fook may from time to time agree.

The funding amount and any future funding amounts shall be made available in any of the following methods:

- (a) by way of advance of unsecured and non-interest bearing shareholders loans to CGS;
- (b) by way of subscription of loan note(s) convertible into shares to be issued by CGS;
- (c) by way of subscription of new shares or securities in CGS at such valuation to be agreed by HKRH and Luk Fook; and
- (d) such other method(s) as may be agreed in writing by Luk Fook and HKRH.

Distribution policy

Unless otherwise expressly agreed by HKRH and Luk Fook in writing, the CGS Group shall distribute to its shareholders by way of dividend in respect of each of its accounting periods, an amount equal to at least 40% of distributable profits in accordance with applicable laws, provided that (i) the amount declared would not prevent it from retaining sufficient working capital or cash flow to enable it to carry on business in a prudent manner; and (ii) no distribution by way of dividend by any member of the CGS Group shall be made in respect of the first 2 financial years of the date of the Shareholders' Deed or otherwise mutually agreed by HKRH and Luk Fook.

Directors and other officers

The maximum number of directors of CGS shall be 8 directors. Each of HKRH and Luk Fook shall appoint an equal number of directors. HKRH shall be entitled to appoint and at any one time remove or substitute up to 4 directors appointed by HKRH and Luk Fook shall be entitled to appoint and at any one time remove or substitute up to 4 directors appointed by Luk Fook.

HKRH shall nominate one of the directors appointed by it to be chairman of the CGS Board, provided that if any of the following events occurs, then the chairmanship then held by any director appointed by HKRH shall be automatically be vacated and replaced by any director whom Luk Fook may select as the new chairman of CGS Board:

- (i) (1) the CGS Group is able to meet the new listing requirements under the applicable rules of a stock exchange; and (2) Luk Fook wishes to proceed with or complete such new listing exercise, but the CGS Group is unable to proceed with or complete the same for any reason arising in connection with HKRH or its affiliated companies; or
- (ii) approval having been obtained from a stock exchange or trading counter of international repute approved by the majority shareholders of CGS confirming the grant of a listing of and permission to deal in the entire equity capital of CGS or its listing vehicle on such stock exchange or trading counter.

In the case of an equality of votes at any meeting of the CGS Board, such chairman shall be entitled to a second or casting vote.

Luk Fook shall from time to time select any person to be appointed as the chief executive officer of each member of the CGS Group. Luk Fook and HKRH agree and acknowledge that where the CGS Board has such power as provided for in the articles of association of CGS, the chief executive officer of CGS is intended to be delegated with the overall management power for the conduct of the business and the daily operations of CGS, save and except for (1) those powers reserved for the CGS Board; and (2) the reserved matters under the Shareholders' Deed.

Rights of first refusal

Luk Fook and HKRH will have a right of first refusal (i) if Luk Fook or HKRH (the “**Transferor**”) sells, transfers or otherwise disposes, or attempts or intends to sell, transfer or otherwise dispose, of any of the CGS Shares held by it to any third party (ii) if CGS or any members of the CGS Group sells, transfers or otherwise disposes, or attempts or intends to sell, transfer or otherwise dispose, of any of its interest in any other member of CGS Group to any third party, and (iii) if CGS or any members of the CGS Group issues any additional CGS Shares, bonds, debentures or other securities convertible into CGS or any other member(s) of the CGS Group or grants any option for CGS Shares, or attempts or intends to do so.

Deadlock

In the event of a deadlock situation in which HKRH and Luk Fook are in substantial disagreement in certain resolutions, whether at board or shareholder level or both, then either HKRH or Luk Fook may serve an auction notice pursuant to which either HKRH or Luk Fook or both parties may submit a bid to buy out the shares in CGS held by the other party. If both parties submit a bid, the party which submits the higher bid shall be bound to purchase the other party's shares in CGS. Where only one party submits a bid, then the other party shall be deemed to have accepted the offer by the party which submits the bid. Completion of the sale or purchase of the shares in CGS under such deadlock situation shall be conditional upon all necessary governmental and other consents having been obtained and subject to compliance of the Listing Rules.

If (i) at the end of the relevant period specified in the Shareholders' Deed, HKRH and Luk Fook have not reached agreement pursuant to the Shareholders' Deed or (ii) the shareholders' approval of Luk Fook and/or HKRH under the Listing Rules shall be required but shall not have been obtained or (iii) the approval under applicable competition law shall be required but shall not have been obtained, then CGS shall be put into voluntary liquidation.

Undertakings regarding the operations of CGS and spin off

CGS undertakes to each of HKRH and Luk Fook that, and each of HKRH and Luk Fook shall procure that CGS shall both respect to itself and, where applicable, each other member of the CGS Group:

- (a) maintain with a well established and reputable insurer adequate insurance against all risks usually insured against by companies carrying on the same or similar business as CGS;
- (b) keep books of account and therein make true and complete entries of all its dealings and transactions of and in relation to the business of CGS and such books of account and all other records and documents relating to the business affairs of CGS (or any other relevant member of the CGS Group, as applicable) shall be open to inspection by each of HKRH and Luk Fook during normal business hours and on reasonable prior notice and they shall be permitted to take and remove copies thereof;
- (c) prepare monthly consolidated management accounts of CGS and procure that such monthly consolidated management accounts of CGS together with all analysis report(s), notes, explanations and data are delivered to each of HKRH and Luk Fook; and (ii) prepare such accounts in respect of each accounting period as are required by statute such accounts being prepared on accounting policies consistent with CGS's audited accounts of the immediately preceding financial year and procure that such accounts are audited and issued as soon as practicable; and
- (d) keep HKRH and Luk Fook fully informed as to all its financial and business affairs and in particular shall provide HKRH and Luk Fook with full details of any actual or prospective material change in such affairs as soon as such details are available.

In consideration for Luk Fook entering into the Shareholders' Deed, HKRH agrees and covenants with Luk Fook that:

- (a) upon occurrence of spin off of CGS, Luk Fook or the parent company of Luk Fook shall be the single largest shareholder of the entire voting capital of the listed CGS vehicle at the time when the securities of the listed CGS vehicle are first traded on the relevant stock exchange or trading counter; and
- (b) Luk Fook shall have the right to participate in the application and clearance process leading to the spin off of CGS and HKRH shall not and procure its agent and advise not to (i) apply or submit or send any application, documents, materials or submission to the relevant regulatory bodies in connection with the spin off; or (ii) publish any announcement or circulars relating to the spin off, without prior consent from Luk Fook (which consent shall not be unreasonably withheld); and
- (c) HKRH shall forthwith provide to Luk Fook, upon request, any information and documents relating to the spin off of CGS or which is useful or necessary for Luk Fook to analyse or consider the relevant spin off proposal.

Transfer of CGS Shares

No transfer of any CGS Share to a third party shall be registered unless:

- (a) the proposed transferee has entered into a deed in the form attached to the Shareholders' Deed, pursuant to which a transferee or allottee of the CGS Shares agrees to be bound by all terms of the Shareholders' Deed as if it had been a signatory;
- (b) such transfer is made in compliance with the provisions contained in the Shareholders' Deed; and
- (c) the transferor assigns and the transferee accepts an assignment of the benefit of all or a proportionate part (as the case may be) of the loans made to CGS by the transferor or any of its subsidiaries and for the time being outstanding and assumes all the obligations of the transferor in respect of all, or a proportionate part, of any guarantee given by the transferor on behalf of CGS,

and save as otherwise provided in the Shareholders' Deed no shareholder of CGS shall otherwise sell, transfer or dispose of any CGS Share or any interest therein or create any third party interest in respect thereof.

Exit

Within 10 Business Days after the third anniversary of the date of the Shareholders' Deed and at any time commencing the sixth anniversary of the date of the Shareholders' Deed, either HKRH or Luk Fook may serve an auction notice on the other in accordance with the Shareholders' Deed.

Corporate guarantee

As soon as practicable after Completion, HKRH and Luk Fook shall each execute corporate guarantee(s) on a several basis pro-rata to their respective shareholdings in CGS in favour of (i) the CGS's bankers in respect of the existing bank borrowings of the CGS Group as set out in the CGS Agreement, and (ii) the holder of the Existing CGS Convertible Bonds upon issuance of the Existing CGS Convertible Bonds under which the maximum liability of Luk Fook shall be no more than 50% of the outstanding face value of the Existing CGS Convertible Bonds plus outstanding coupon, in each case upon and subject to the terms mutually agreed by HKRH and Luk Fook.

Financial Information on the CGS Group

The table below sets forth the audited financial information of the CGS Group:

	For the financial year ended 30 June	
	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit/(loss) before taxation	48,365	(51,206)
Net profit/(loss) after taxation	37,849	(59,916)

The unaudited consolidated net asset value of the CGS Group as at 30 September 2013 amounted to approximately HK\$625.4 million.

Financial effects of the Share Transaction to HKRH

Based on the unaudited consolidated net asset value of the CGS Group as at 30 September 2013, the estimated loss on the Share Transaction (before expenses) will be approximately HK\$30.0 million, representing the Consideration of approximately HK\$282.7 million less 50% of the net asset value of the CGS Group of approximately HK\$312.7 million. The estimated loss on the Share Transaction will be debited to the other reserves in HKRH's consolidated financial statements. The actual gain or loss arising from the Share Transaction to HKRH would depend on (i) the profit or loss of the CGS Group for the period from 1 January 2014 up to the date of the Completion Date and is subject to final audit to be performed by HKRH's auditors; and (ii) the amount of professional fees and all related expenses for the consummation of the Share Transaction and the transactions contemplated thereunder.

Use of proceeds

Based on the Consideration of approximately HK\$282.7 million using the unaudited consolidated net asset value of CGS Group as at 30 September 2013 of approximately HK\$625.4 million as reference, and the estimated professional fees and all related expenses to HKRH for the Share Transaction of approximately HK\$2.9 million, the net proceeds receivable by HKRH from the Share Transaction are estimated to be approximately HK\$279.8 million. The net proceeds from the Share Transaction shall be applied by HKRH towards (i) the partial repayment of HKRH's bank and other borrowings of approximately HK\$85.0 million, (ii) the capital injection of HK\$100 million by way

of shareholders loans into CGS for the purpose of general working capital and business expansion of the CGS Group and (iii) the balance of approximately HK\$94.8 million as HKRH's general working capital.

Reasons for the Share Transaction and benefits expected to accrue to HKRH

The HKRH Directors consider that the Share Transaction is in the interest of HKRH on the following grounds:

- (a) The operating results of the CGS Group were unsatisfactory, incurring a net loss before taxation of approximately HK\$51.2 million and a net loss after taxation of HK\$59.9 million for the year ended 30 June 2013. The results were caused by the downturn in economic growth in the Mainland China and the retail market, which the nature of the jewellery business and in particular gold prices, are particularly sensitive to changes in economic conditions and consumer confidence. The HKRH Group would therefore like to enhance its focus on higher margin jewellery and fixed price products to minimize the effect of gold price fluctuations. Since Luk Fook is one of the leading jewellery retailers in Hong Kong and the PRC, the expertise of Luk Fook will benefit HKRH and CGS in developing the brand name of "3D-Gold" in the long run;
- (b) The Share Transaction will enable each of HKRH and Luk Fook to inject HK\$100 million into CGS Group for the expansion of the CGS Group; and
- (c) Part of the proceeds from the Share Transaction will be applied for repayment of HKRH's bank and other borrowings which will help to improve HKRH's gearing position.

The HKRH Directors are of the view that the terms of the Transactions are fair and reasonable and in the interests of HKRH and the HKRH Shareholders as a whole.

(II) THE HKRH CB SUBSCRIPTION

Parties

Issuer: HKRH; and
Subscriber: Luk Fook

Principal terms of the HKRH Convertible Bonds

Principal Amount	HK\$57,080,000
Issue Price	The HKRH Convertible Bonds will be issued at 100% of their principal amount.
Interest	3% per annum, payable annually in arrear on the last Business Day of each calendar year.

Maturity Date	The fifth anniversary of the issue date of the HKRH Convertible Bonds
Conversion Rights	<p>The HKRH Convertible Bonds are convertible in whole or in part of the principal amount of the HKRH Convertible Bonds into HKRH Conversion Shares at the HKRH Conversion Price by the bondholder at any time during the HKRH Conversion Period.</p> <p>The bondholder shall not convert any part of the principal amount of the HKRH Convertible Bonds if such amount would result in the aggregate principal amount being converted into shares by the bondholder in the last 12 months exceeding HK\$19,027,000, save and except the aforesaid restriction shall not apply in the event there remains any outstanding principal amount of the HKRH Convertible Bonds as at the date falling one month preceding the expiry of the Conversion Period then the bondholder shall be entitled to convert all outstanding principal amount of the HKRH Convertible Bonds into HKRH Shares during such one month period of the Conversion Period.</p>
Conversion Shares	<p>Based on the initial HKRH Conversion Price, a maximum number of 317,111,111 HKRH Conversion Shares will be issued upon full conversion of the aggregate principal amount of the HKRH Convertible Bonds, representing 9.09% of the enlarged issued share capital of HKRH on a fully diluted basis.</p> <p>The HKRH Conversion Shares shall rank pari passu in all respects with the HKRH Shares then in issue.</p>
Conversion Price	<p>HK\$0.18 per HKRH Share, being the initial HKRH Conversion Price per HKRH Conversion Share.</p> <p>The initial HKRH Conversion Price was arrived at after arm's length negotiations between HKRH and Luk Fook with reference to the prevailing market price of the HKRH Shares as at the date of the MOU and represents:</p> <p>(i) a discount of approximately 2.2% to the closing price of HK\$0.184 per HKRH Share as quoted on the Stock Exchange on the last trading date before the date of the MOU;</p>

- (ii) a premium of approximately 3.4% over the average of the closing price of HK\$0.174 per HKRH Share for the last five consecutive trading days up to and including the last trading date before the date of the MOU;
- (iii) a premium of approximately 4.5% over the average of the closing price of HK\$0.172 per HKRH Share for the last ten consecutive trading days up to and including the last trading date before the date of the MOU;
- (iv) a discount of approximately 50.0% to the closing price of HK\$0.360 per HKRH Share as quoted on the Stock Exchange on the last trading date before the date of the CGS Agreement;
- (v) a discount of approximately 50.7% to the average of the closing price of HK\$0.365 per HKRH Share for the last five consecutive trading days up to and including the last trading date before the date of the CGS Agreement;
- (vi) a discount of approximately 50.7% to the average of the closing price of HK\$0.365 per HKRH Share for the last ten consecutive trading days up to and including the last trading date before the date of the CGS Agreement;

The HKRH Conversion Price is subject to adjustments in accordance with the relevant provisions under terms and conditions of the HKRH Convertible Bonds upon occurrence of, among other things, subdivision or consolidation of HKRH Shares, capital distribution, issue of HKRH Shares by way of capitalization of profits or reserves, issue of options, rights or warrants, or other dilutive events.

Conversion Period

The period commencing on the date falling the second anniversary of the issue date of the HKRH Convertible Bonds and expiring on the date which is 3 days preceding the maturity date.

Redemption

- (i) Subject to (ii), unless the HKRH Convertible Bonds have been previously converted, redeemed, purchased or cancelled, the HKRH Convertible Bonds will be redeemed by HKRH on the maturity date at its principal amount outstanding together with all accrued and unpaid interest on the maturity date.

- (ii) The bondholder may by written notice served on HKRH demand HKRH to redeem the HKRH Convertible Bonds at its principal amount outstanding together with all accrued and unpaid interest if (i) the trading of the shares of HKRH has been suspended for consecutively more than 20 trading days, or (ii) there is a change in the chairmanship of the board of directors of CGS pursuant to the Shareholders' Deed.

Events of default

If any of the following events occurs, the bondholder may give notice to HKRH that the HKRH Convertible Bonds are immediately become due and payable at the sum equal to its principal amount then outstanding and any and unpaid interests accrued up to the date of repayment:

- (i) the HKRH Shares (as a class) cease to be listed on any recognized stock exchange or trading of the HKRH Shares (as a class) on any recognized stock exchange (including the Stock Exchange) having been suspended for consecutively more than 20 Business Days;
- (ii) HKRH or CGS (as the case may be) defaults in performance or compliance with any of its obligations contained in the conditions or any of the transaction documents which breach or default is incapable of remedy or, if capable of remedy, is not remedied within 20 Business Days after notice of such breach or default is sent from the bondholder to HKRH or CGS;
- (iii) Dr. Wong, directly or indirectly ceases to own such number of shares in HKRH which would enable him to exercise and control at least 25% of the voting right in the share capital of HKRH;
- (iv) the Stock Exchange by written notice to HKRH raising concerns or challenging that HKRH does not have a sufficient level of operations or sufficient assets to warrant the continued listing of the HKRH Shares under Rule 13.24 of the Listing Rules but HKRH fails to demonstrate that Rule 13.24 is being complied with to the satisfaction of the Stock Exchange within 40 Business Days of such written notice;
- (v) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of HKRH or any major subsidiary of HKRH;

- (vi) HKRH or any major subsidiary of HKRH becomes insolvent or is unable to pay its debts as they mature or applies for or consents to the appointment of any administrator, liquidator or receiver of the whole or any material part of its undertaking, property, assets or revenues or enters into a general assignment or compromise with or for the benefit of its creditors;
- (vii) an order is made by a court of competent jurisdiction or an effective resolution passed for winding-up of HKRH or any major subsidiary of HKRH otherwise than the winding-up of any major subsidiary of HKRH (a) for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganization with or into HKRH or another subsidiary of HKRH or (b) by way of a voluntary winding up or dissolution where there are surplus assets in such major subsidiary of HKRH and such surplus assets attributable to HKRH and/or any subsidiary of HKRH are distributed to HKRH and/or any such subsidiary of HKRH;
- (viii) HKRH defaults in the payment of the principal or interest in respect of the HKRH Convertible Bonds when and as the same ought to be paid and such default is not remedied by the HKRH within 20 Business Days of the due date thereof; or
- (ix) any other debentures, bonds, notes or other instruments of indebtedness or any other loan indebtedness (“**Indebtedness**”) of HKRH and any major subsidiary of HKRH or any securities convertible into or exchangeable for shares (“**Equity-Linked Securities**”) of HKRH and any major subsidiary of HKRH become prematurely repayable following a default in respect of the terms thereof which shall not have been remedied within 20 Business Days of such default, or HKRH or any major subsidiary of HKRH defaults in the repayment of the Indebtedness or Equity Linked Securities at the maturity thereof or at the expiration of any applicable grace period thereof and such default is not remedied within 20 Business Days, or any guarantee of or indemnity in respect of any Indebtedness or Equity Linked Securities of others given by HKRH or any major subsidiary of HKRH shall not be honoured when due and called upon and such default is not remedied within 20 Business Days.

Lock-up period for
Conversion Shares

The HKRH Conversion Shares are not subject to any lock-up period.

Transferability	<p>The HKRH Convertible Bonds or any part(s) thereof may be assigned or transferred at any time provided that the assignee or transferee of the HKRH Convertible Bonds shall be a member of the bondholder group and that such assignment or transfer shall be in compliance with the conditions under the terms of the HKRH Convertible Bonds and further subject to (where applicable) the conditions, approvals, requirements and any other provisions of or under:</p> <p>(a) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or its rules and regulations; and</p> <p>(b) the Listing Rules and all applicable laws and regulations.</p>
Voting	<p>The bondholder will not be entitled to receive notices of, attend or vote at any meetings of HKRH by reason only of it being the bondholder of the HKRH Convertible Bonds.</p>
Listing	<p>No application will be made for the listing of the HKRH Convertible Bonds. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the HKRH Conversion Shares that may be allotted and issued upon conversion of the HKRH Convertible Bonds.</p>
Ranking of Conversion Shares	<p>The HKRH Conversion Shares will rank pari passu in all respects among themselves and with other HKRH Shares in issue on the conversion date of the HKRH Convertible Bonds.</p>

Reasons for the HKRH CB Subscription from the HKRH perspective

The HKRH Directors consider that the issue of the HKRH Convertible Bonds not only represents an opportunity to raise additional funds for HKRH to cater for its future needs, but also allows HKRH to further strengthen the relationship with Luk Fook, which will be HKRH's strategic partner in CGS upon Completion.

Use of proceeds

The gross and net proceeds receivable by HKRH from the issue of the HKRH Convertible Bonds are HK\$57,080,000 (all expenses would be attributable to the Share Transaction only). The net proceeds from the HKRH CB Subscription shall be applied towards HKRH's general working capital.

Mandate to issue the HKRH Conversion Shares

The allotment and issue of the HKRH Conversion Shares is subject to the approval of HKRH Shareholders. The HKRH Conversion Shares will be allotted and issued under the Specific Mandate proposed to be obtained at the SGM of HKRH.

Changes on the shareholding structure of HKRH

As at the date of this announcement, HKRH has 3,173,250,837 shares in issue. Assuming the conversion rights attached to the HKRH Convertible Bonds have been exercised in full at the initial HKRH Conversion Price of HK\$0.18 per HKRH Conversion Share and there is no other change in the share capital structure before such full exercise, the following table illustrates the shareholding structure of HKRH (a) as at the date of this announcement; and (b) immediately upon full conversion of the HKRH Convertible Bonds.

	As at the date of this announcement		Immediately upon full conversion of the HKRH Convertible Bonds at the initial HKRH Conversion Price	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Perfect Ace (Note)	757,703,752	23.88	757,703,752	21.71
Limin Corporation (Note)	82,790,602	2.61	82,790,602	2.37
Dr. Wong (Note)	118,876,122	3.75	118,876,122	3.40
Luk Fook Holdings	45,000,000	1.42	45,000,000	1.29
Luk Fook	–	–	317,111,111	9.09
Mr. Wong	5,831,430	0.18	5,831,430	0.17
Mr. Hui and his associates	6,649,372	0.21	6,649,372	0.19
Other Shareholders	2,156,399,559	67.95	2,156,399,559	61.78
Total	<u>3,173,250,837</u>	<u>100.00</u>	<u>3,490,361,948</u>	<u>100.00</u>

Note: Perfect Ace is wholly-owned by Ying Ho (Nominees) Limited. Ying Ho (Nominees) Limited holds 100% in trust for Limin Corporation which is wholly-owned by Dr. Wong. Accordingly, Dr. Wong is deemed to be interested in the HKRH Shares through his controlling interest in Perfect Ace and Limin Corporation. Dr. Wong is personally interested in 118,540,122 HKRH Shares, the spouse of Dr. Wong is interested in 336,000 HKRH Shares and Dr. Wong is deemed to be interested in all the HKRH Shares held by Perfect Ace, Limin Corporation and his spouse.

Fund raising activities of HKRH in the past twelve months

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
4 June 2013	Placing of 196,908,603 placing shares at a price of HK\$0.18 per placing share	Approximately HK\$34.91 million	As to approximately HK\$34.91 million for general working capital of the HKRH Group	Applied as to approximately HK\$34.91 million for general working capital of the HKRH Group
26 August 2013 (Note)	Issue of convertible bonds by CGS	Approximately HK\$39.00 million	As to approximately HK\$39.00 million for the partial repayment of the convertible bonds of HKRH	Not yet utilized
12 September 2013	Placing of 217,000,000 placing shares at HK\$0.18 per placing share	Approximately HK\$38.18 million	As to approximately HK\$38.18 million for repayment of borrowings of the HKRH Group	Applied as to approximately HK\$38.18 million for the repayment of convertible bonds of HKRH

Note: On 26 August 2013 HKRH announced the entering into of the Existing CGS CB Agreement in relation to the issue of the Existing CGS Convertible Bonds. On 13 January 2014, HKRH announced the amendment and novation of the Existing CGS CB Agreement and the issue of the Existing CGS Convertible Bonds thereunder.

Save as disclosed above, HKRH has not conducted any fund raising activities in the past twelve months prior to the date of this announcement.

(III) THE CGS SHARE OPTION

Pursuant to the CGS Agreement, among other things, at Completion, CGS will grant the CGS Share Option to Luk Fook, upon and subject to the terms and conditions of the CGS Agreement.

The total consideration for the grant of the CGS Share Option shall be US\$1 to be paid by Luk Fook in cash to CGS at Completion.

Parties

Grantor: CGS; and
Grantee: Luk Fook

Principal terms of the CGS Share Option

Number of CGS Share Option Shares Upon exercise of the CGS Share Option, Luk Fook shall be entitled to subscribe for such number of new CGS Shares, free from all encumbrances and ranking pari passu with other CGS Shares then existing, that may result from dividing US\$5,000,000 by the CGS Share Option Exercise Price.

Assuming full exercise of the CGS Share Option as at the date of this announcement, a total of 205 CGS Share Option Shares will be issued to Luk Fook, representing approximately 6.15% of the existing issued share capital of CGS as at the date of this announcement, and approximately 5.48% of the issued share capital of CGS as enlarged by the issue of the Existing CGS Conversion Shares and the CGS Share Option Shares.

CGS Share Option Exercise Price US\$24,390.24, being the initial CGS Share Option Exercise Price.

The initial CGS Share Option Exercise Price was arrived at after arm's length negotiations between CGS and Luk Fook with reference to the prevailing net asset value of the CGS Group as at the date of the CGS Agreement.

The CGS Share Option Exercise Price is subject to adjustments in accordance with the relevant provisions under the CGS Share Option Terms upon occurrence of, among other things, subdivision or consolidation of CGS Shares, capital distribution, issue of CGS Shares by way of capitalization of profits or reserves, issue of options, rights or warrants, or other dilutive events.

CGS Share Option period The CGS Share Option shall remain valid and in force during the period between the date of issue of the CGS Share Option and 3 months (or such longer period as CGS and Luk Fook may agree) after (i) 15 January 2018, or (ii) the date as extended once by one year by mutual agreement of CGS and Luk Fook (both days inclusive).

CGS Share Option
Exercise Events The CGS Share Option shall be exercisable in full (and not in part) upon any of the following events occurring:

(i) the earlier of the following date or period:

(a) during the 10 Business Day immediately before (i) 15 January 2018, or (ii) the date as extended once by one year by mutual agreement of CGS and Luk Fook; or (b) on the Flotation Date; or (c) such other date or period as may be mutually agreed by CGS and Luk Fook in writing,

PROVIDED ALWAYS THAT such exercise right of Luk Fook shall be subject to the conversion by the holder of the Existing CGS Convertible Bonds of the Existing CGS Convertible Bonds in accordance with the terms and conditions thereof; or

(ii) automatically and immediately upon the bondholder of the Existing CGS Convertible Bonds exercising its right to convert any of the outstanding principal of the Existing CGS Convertible Bonds in accordance with the conditions of the Existing CGS Convertible Bonds.

Vesting The CGS Share Option will vest immediately upon its issuance.

Transferability The CGS Share Option shall not be transferable by Luk Fook to a connected person of HKRH subject to the approval of HKRH (such approval shall not be unreasonably withheld or delayed), if Luk Fook serves the exercise notice and completion of the exercise of the CGS Share Option does not take place in accordance with these CGS Share Option Terms for any reasons other than for Luk Fook breaching its obligations to pay for the exercise price in respect of the CGS Share Option Shares.

Any transfer of the CGS Share Option or any part(s) thereof shall be subject to (where applicable) the conditions, approvals, requirements and any other provisions of or under:

- (a) the Stock Exchange (and any other stock exchange on which the CGS Shares may be listed at the relevant time) or its rules and regulations; and
- (b) the Listing Rules and all applicable laws and regulations.

Reasons for the CGS Share Option from the HKRH perspective

The HKRH Directors consider that the CGS Share Option will allow HKRH and Luk Fook to strengthen their relationship and enhance their strategic partnership in CGS upon Completion.

Use of proceeds

The gross and net proceeds from the exercise of the CGS Share Option in full are estimated to be approximately US\$5,000,000. The proceeds from the exercise of the CGS Share Option shall be used for the purpose of general working capital and business expansion of the CGS Group.

Changes on the shareholding structure of CGS

As at the date of this announcement, CGS is a wholly-owned subsidiary of HKRH. Upon Completion, CGS will be owned as to 50% by each of HKRH and Luk Fook. As announced by HKRH on 13 January 2014, CGS has entered into a novation and supplemental agreement on 13 January 2014 and on 15 January 2014, issued to Maya Gold Investment Limited the Existing CGS Convertible Bonds in the principal amount of US\$5,000,000. Pursuant to the Existing CGS Convertible Bonds, the bondholder agrees and undertakes that it will not exercise its right to convert the outstanding principal amount of the Existing CGS Convertible Bonds or any part thereof prior to the maturity date except in the situation where CGS's shares are listed before the maturity date wherein the bondholder may convert all the outstanding principal amount of the Existing CGS Convertible Bonds on the listing date. Pursuant to the terms of CGS Share Option which would be granted upon Completion, Luk Fook may only exercise the CGS Share Option when the Existing CGS Convertible Bonds are converted. Assuming full conversion of the Existing CGS Convertible Bonds and the exercise of the CGS Share Option in full, HKRH's equity interest in CGS would decrease to approximately 44.52%. Pursuant to the CGS Share Option Terms, the right to exercise the CGS Share Option is subject to the conversion of the Existing CGS Convertible Bonds. HKRH will comply with any applicable requirements of the Listing Rules at the time of the conversion of the Existing CGS Convertible Bonds. The exercise of the CGS Share Option by Luk Fook shall be subject to the conversion of the Existing CGS Convertible Bonds by its holder.

Conditions precedent to the CGS Agreement

Conditions precedent to the CGS Agreement shall include, among others, the following:

- (1) the passing by HKRH's Shareholders (other than such HKRH Shareholders who are required to abstain from voting) of all necessary resolutions at HKRH's SGM which are necessary to give effect to the transactions contemplated under the CGS Agreement, the Shareholders' Deed, the Supply Agreement, the Competitiveness Enhancement Agreement, the grant of CGS Share Option and other transaction documents (if required under the Listing Rules) and comply with the Listing Rules approving (i) the execution, delivery and performance of each of the above-mentioned agreements and the transactions contemplated thereunder respectively; and (ii) the Specific Mandate;
- (2) the current listing of the HKRH's Shares not having been withdrawn, the HKRH Shares continuing to be traded on the Stock Exchange prior to the Completion Date and neither the Stock Exchange nor the SFC having indicated that either of them will object to the continued listing of the HKRH Shares for reasons related to or arising from the transactions contemplated under the CGS Agreement;
- (3) the Stock Exchange having granted approval for the listing of, and permission to deal in, the HKRH Conversion Shares;
- (4) all necessary consents being granted by governmental or official authorities and no statute, regulation or decision which would prohibit, restrict or materially delay the Transactions or the operation of any member of the CSG Group after Completion having been proposed, enacted or taken by any governmental or official authority, including without limitation:

insofar as the Transactions, in whole or in part, are required to be notified to the competition authority of any other jurisdiction such that, without such notification, Completion may be unlawful or otherwise prohibited or restricted under the applicable laws or regulations of that jurisdiction, or to the extent that the Purchaser deems it necessary to notify the Transactions to the competition authority of any other jurisdiction:

- a. all consents and approvals of any such competition authority having been obtained either unconditionally or subject to such conditions, obligations, undertakings or modifications as shall be acceptable to Luk Fook; and
 - b. all applicable mandatory waiting periods in connection with any such filings, submissions or notification having expired or been terminated;
- (5) all necessary consents being granted by third parties to the effect they consent to the Transactions and agree not to exercise any right (whether of transaction or otherwise) arising by reason of the Transactions; and

(6) all necessary regulatory filings, notifications and approvals to all relevant authorities of competent jurisdictions for the purpose of CGS and HKRH to enter into and consummate the transactions contemplated under the CGS Agreement and any other agreements and documents contemplated therein and perform CGS's and HKRH's obligations thereunder have been made and obtained, and such filings, notifications and approvals remain valid and effective until Completion.

Luk Fook may waive any of the Conditions above at any time by notice in writing apart from the Conditions (2), (3) and (4) above.

HKRH and CGS shall use their respective best endeavours to procure the fulfilment of the Conditions on or before the Long Stop Date.

In the event that any of the Conditions shall not have been fulfilled (or waived pursuant to the CGS Agreement) prior to the Long Stop Date, then Luk Fook shall not be bound to proceed with the Completion, and the CGS Agreement shall cease to be of any effect except certain clauses in the CGS Agreement and save in respect of claims arising out of any antecedent breach of the CGS Agreement.

(IV) THE SUPPLY AGREEMENT

Subject to and upon Completion, CGS will enter into the Supply Agreement with Maxigood pursuant to which Maxigood (for itself and as an agent for and on behalf of each of the subsidiaries of Luk Fook Holdings) shall supply to CGS (for itself and as an agent for and on behalf of each of its subsidiaries), and CGS (for itself and as an agent for and on behalf of each of its subsidiaries) shall purchase from Maxigood (for itself and as an agent for and on behalf of each of the subsidiaries of Luk Fook Holdings), raw materials and/or finished goods in respect of platinum and gold jewellery and gold ornaments, gem-set jewellery, jadeites, gemstones and other accessory items, upon and subject to the terms and conditions of the Supply Agreement.

The principal terms of the Supply Agreement are set out below:

Date: The Supply Agreement shall be entered into subject to and upon Completion.

Parties: Maxigood; and
CGS

Upon Completion, as CGS will continue to be accounted for as a subsidiary of HKRH and will be owned as to 50% by each of HKRH and Luk Fook, Maxigood, being a wholly-owned subsidiary of Luk Fook Holdings, will become a connected person of HKRH under Chapter 14A of the Listing Rules. Accordingly, the Supply Agreement and the transactions contemplated thereunder constitute continuing connected transactions of HKRH.

Duration: From the Completion Date to 30 June 2016, unless or until terminated pursuant to the terms in the Supply Agreement.

Pricing basis: The pricing of the transactions contemplated under the Supply Agreement will be determined on the following basis:

- (a) the price to be determined on a fair and reasonable basis in the ordinary and usual course of business of Maxigood which is equivalent or comparable to those prices offered to third parties independent of Maxigood for similar goods and having regard to the quantity and other conditions of the sale; and
- (b) the price to be determined on a fair and reasonable basis in the ordinary and usual course of business of CGS which is equivalent or comparable to those prices obtained by CGS from third parties independent of CGS for similar goods and having regard to the quantity and other conditions of the purchase.

Others: The Supply Agreement (including the Annual Caps (Supply)) is conditional upon the approval by the HKRH Independent Shareholders.

Annual caps and basis:

The Annual Caps (Supply) and the basis of determination of the Annual Caps (Supply) are set out below:

Caps for the year ending 30 June		
2014	2015	2016
<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>

Aggregate amount payable by CGS for transactions contemplated under the Supply Agreement	260,000,000	520,000,000	780,000,000
--	-------------	-------------	-------------

The Annual Caps (Supply) were determined based on (a) HKRH Group’s historical purchase amounts in jewellery, k-gold and loose stone in Hong Kong and the PRC during the two financial years ended 30 June 2012 and 30 June 2013; and (b) the forecasted growth rates in HKRH Group’s purchase amounts in jewellery, k-gold and loose stone in Hong Kong and the PRC for the 3 years ended 2014 to 2016. The growth rates were determined after considering the growth trend of CGS’s jewellery business, taking into account the business development plans and the development of the “3D-Gold” brand name following the strategic partnership with Luk Fook, and the possible increase in the price of raw materials and finished goods.

Reasons for entering into the Supply Agreement and benefits expected to accrue to HKRH

It is expected that the Supply Agreement will ensure a consistent supply of gem-set jewellery to CGS at rates consistent with that of the market. The HKRH Directors (excluding the HKRH independent non-executive directors who will express their view after receiving advice from the Independent Financial Adviser to the HKRH Independent Board Committee) consider that the terms of the Supply Agreement, including the Annual Caps (Supply), are on arm's length basis, on normal commercial terms, fair and reasonable and in the interests of HKRH and the HKRH Shareholders as a whole.

(V) THE COMPETITIVENESS ENHANCEMENT AGREEMENT

Subject to and upon Completion, Luk Fook's related company and a member of the CGS Group will enter into the Competitiveness Enhancement Agreement. Pursuant to the Competitiveness Enhancement Agreement, Luk Fook's related company shall provide to member(s) of the CGS Group such services and assistance that enhance and improve operation efficiency and competitiveness, and improve product quality and standards of the businesses under the brand name of "3D-Gold", "金至尊", "La Milky Way" and "銀河明星" in Hong Kong, Macau and other region in the PRC, upon and subject to the terms of the Competitiveness Enhancement Agreement.

The principal terms of the Competitiveness Enhancement Agreement are set out below:–

Date: The Competitiveness Enhancement Agreement shall be entered into subject to and upon Completion.

Parties: Luk Fook's related company; and
a member of the CGS Group

Upon Completion, as CGS will continue to be accounted for as a subsidiary of HKRH and will be owned as to 50% by each of HKRH and Luk Fook, Luk Fook will become a connected person of HKRH under Chapter 14A of the Listing Rules. Accordingly, the Competitiveness Enhancement Agreement and the transactions contemplated thereunder constitute continuing connected transactions of HKRH.

Duration: From the Completion Date to 30 June 2016 and may be renewed upon mutual agreement of Luk Fook and CGS before expiry of such initial term subject to compliance with the Listing Rules, unless the Competitiveness Enhancement Agreement is terminated in accordance with the relevant terms in the Competitiveness Enhancement Agreement.

Fee: In consideration of the provision of the services by Luk Fook's related company from time to time, the CGS Group shall pay to the Luk Fook Group an annual fee.

Others: Both parties to the Competitiveness Enhancement Agreement agree that they shall develop necessary mechanisms to the satisfaction of each other after the signing of the Competitiveness Enhancement Agreement, under which, before provision of any services under the Competitiveness Enhancement Agreement, they shall confer with each other and check with outside counsels (if necessary) to make sure that the relevant arrangements with respect to such services will not seriously restrict the competition in relevant market and will enable consumers to share the benefits therefrom and will be in compliance with any other applicable laws.

Annual caps and basis:

The Annual Caps (Competitiveness Enhancement) and the basis of determination of the Annual Caps (Competitiveness Enhancement) are set out as follows:

	Caps for the year ending 30 June		
	2014	2015	2016
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Aggregate amount payable by CGS for transactions contemplated under the Competitiveness Enhancement Agreement	2,500,000	10,000,000	10,000,000

Note: The annual fee payable by the CGS Group to the Luk Fook Group under the Competitiveness Enhancement Agreement will be no more than HK\$10,000,000. For the year ending 30 June 2014, the cap amount of the service fee is calculated on a pro-rata basis for such period from the Completion Date.

The Annual Caps (Competitiveness Enhancement) were determined based on the estimated fees to be charged by the Luk Fook Group, based on the estimated work to be performed by Luk Fook for the 3 years ending 30 June 2014 to 2016.

Reasons for entering into the Competitiveness Enhancement Agreement and benefits expected to accrue to HKRH

The HKRH Directors believe that the Competitiveness Enhancement Agreement would allow the CGS Group to tap into Luk Fook’s expertise in the brand name of “3D-Gold”, through Luk Fook’s provision of services and assistance that enhance and improve operation efficiency, competitiveness and product quality in relation to the operation of the business of “3D-Gold”. The HKRH Directors consider that the terms of the Competitiveness Enhancement Agreement, including the Annual Caps (Competitiveness Enhancement) are on arm’s length basis, on normal commercial terms, fair and reasonable and in the interests of HKRH and the HKRH Shareholders as a whole.

INFORMATION OF THE PARTIES

HKRH is an investment holding company with its subsidiaries principally engaged in the trading and sale of gold, platinum and jewellery products in Hong Kong, Macau and other region in the PRC through retailing, franchising and e-commerce under the brand or trade names of “3D-Gold”, “金至尊”, “La Milky Way” and “銀河明星”.

The principal activity of Luk Fook Holdings is investment holding. Its subsidiaries (including Luk Fook and Maxigood) are principally engaged in the sourcing, designing, wholesaling, trademark licensing and retailing of a variety of gold and platinum jewellery, gold ornaments and gem-set jewellery.

The CGS Group is principally engaged in the trading and sale of gold, platinum and jewellery products in Hong Kong, Macau and other region in the PRC through retailing, franchising and e-commerce under the brand or trade names of “3D-Gold”, “金至尊”, “La Milky Way” and “銀河明星”.

REASONS FOR THE TRANSACTIONS AND BENEFITS EXPECTED TO ACCRUE TO LUK FOOK HOLDINGS

The Transactions are a milestone in building a solid foundation for further growth of the Luk Fook Group. With the Luk Fook Group’s expertise in jewellery retail sector as well as brand management, the Luk Fook Directors believe that the cooperation of two prominent brands with resemble business and operating strategies will produce effective synergy to facilitate both parties’ development in the long run, enhance the competitiveness of the Luk Fook Group and achieve further economies of scale to reach a win-win situation. The Luk Fook Directors further believe that the expertise of the Luk Fook Group will benefit HKRH and CGS in further developing the brand name of “3D-Gold”. Adhering to the corporate vision of the Luk Fook Group, “Brand of Hong Kong, Sparkling the World”, the Luk Fook Group will continue to remain vigilant in this time of rapid business growth and demonstrative of the firm commitment of the Luk Fook Group, so as to expand the ventures of the Luk Fook Group to every corner of the world and bring sustainable returns to the shareholders of Luk Fook Holdings.

The consideration to be paid by Luk Fook under the Transactions will be funded by its internal resources.

The Luk Fook Directors are of the view that the terms of the Transactions are fair and reasonable and in the interests of Luk Fook Holdings and the Luk Fook Shareholders as a whole.

LISTING RULES IMPLICATIONS

HKRH

From the perspective of HKRH, as the applicable percentage ratios in respect of the Share Transaction are higher than 25% but below 75%, the Share Transaction constitutes a major transaction for HKRH and is subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

The issue of the HKRH Conversion Shares will be subject to HKRH Shareholders' approval. An SGM of HKRH will be convened for the purposes of approving, among other things, the grant of the Specific Mandate to issue the HKRH Conversion Shares.

The issue of the CGS Share Option Shares upon exercise of the CGS Share Option will result in a reduction of the percentage equity interest of HKRH in CGS. This will be deemed as a disposal of interest in CGS by HKRH under Chapter 14 of the Listing Rules. Pursuant to the CGS Share Option Terms, the right to exercise the CGS Share Option is subject to the conversion of the Existing CGS Convertible Bonds. HKRH will comply with any applicable requirements of the Listing Rules at the time of the exercise of the conversion of the Existing CGS Convertible Bonds. The exercise of the CGS Share Option by Luk Fook shall be subject to the conversion of the Existing CGS Convertible Bonds by its holder.

Upon Completion, as CGS will continue to be accounted for as a subsidiary of HKRH and will be owned as to 50% by each of HKRH and Luk Fook, Luk Fook together with its associates will become connected persons of HKRH under Chapter 14A of the Listing Rules.

As the applicable percentage ratios to HKRH in respect of the transactions contemplated under the Supply Agreement exceed 5%, the transactions contemplated under the Supply Agreement constitute non-exempt continuing connected transactions and are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the applicable percentage ratios to HKRH in respect of the transactions contemplated under the Competitiveness Enhancement Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Competitiveness Enhancement Agreement constitute exempt continuing connected transactions and are subject only to the reporting, annual review, and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Luk Fook Holdings

From the perspective of Luk Fook Holdings, as one or more of the applicable percentage ratios (as defined under the Listing Rules) are more than 5% but less than 25%, the transactions contemplated under the CGS Agreement (including the Share Transaction, the HKRH CB Subscription, the subscription of CGS Share Option) and the Shareholders' Deed constitute a discloseable transaction of Luk Fook Holdings and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

Upon the exercise of the CGS Share Option, it may then also constitute a notifiable transaction of Luk Fook Holdings under Chapter 14 of the Listing Rules. Luk Fook Holdings will comply with the applicable requirements of the Listing Rules at the time of the exercise of the CGS Share Option.

GENERAL

As at the date of this announcement, Luk Fook Holdings, Mr. Wong, Mr. Hui and his associates together are interested in 57,480,802 HKRH Shares (comprising 45,000,000 HKRH shares held by Luk Fook Holdings, 5,831,430 HKRH Shares personally held by Mr. Wong and 6,649,372 HKRH Shares held by Mr Hui and his associates) representing approximately 1.81% of the issued share capital of HKRH. As Luk Fook is a wholly-owned subsidiary of Luk Fook Holdings, Mr. Wong is the controlling shareholder, the chairman and chief executive, and an executive director of Luk Fook Holdings and Mr. Hui is a non-executive director of Luk Fook Holdings, they may be considered as having material interests in the Transactions. Luk Fook Holdings, Mr. Wong, Mr. Hui and his associates will abstain from voting on the resolutions to be proposed at the SGM of HKRH in relation to the CGS Agreement, the grant of the Specific Mandate, the grant of the CGS Share Option, the Shareholders' Deed and the Supply Agreement (including the Annual Caps (Supply)).

The HKRH Independent Board Committee will be established to advise the HKRH Independent Shareholders in relation to the terms of the Supply Agreement (including the Annual Caps (Supply)) and the transactions contemplated thereunder. GF Capital, has been appointed to advise the HKRH Independent Board Committee and the HKRH Independent Shareholders in relation to the terms of the Supply Agreement (including the Annual Caps (Supply)) and the transactions contemplated thereunder.

An SGM of HKRH will be convened to consider and approve the CGS Agreement, the grant of the Specific Mandate, the grant of the CGS Share Option, the Shareholders' Deed and the Supply Agreement (including the Annual Caps (Supply)). A circular containing, among other things, (i) details of the CGS Agreement, the Shareholders' Deed, and the Supply Agreement; (ii) further information on the Share Transaction; (iii) further information on the HKRH CB Subscription and the CGS Share Option; (iv) the financial information of the HKRH Group; (v) the recommendation of the HKRH Independent Board Committee to the HKRH Independent Shareholders in relation to the Supply Agreement (including the Annual Caps (Supply)); (vi) the advice of GF Capital to the HKRH Independent Board Committee and the HKRH Independent Shareholders; and (vii) a notice convening the SGM of HKRH together with the proxy form and other information as required under the Listing Rules is expected to be despatched to the HKRH Shareholders on or before 19 February 2014.

The Transactions are subject to the fulfillment of a number of conditions precedent set out in the CGS Agreement. As such, the Transactions may or may not proceed. Shareholders and potential investors of Luk Fook Holdings and HKRH are advised to exercise extreme caution when dealing in the securities of Luk Fook Holdings and HKRH.

DEFINITIONS

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

“Annual Caps (Competitiveness Enhancement)”	the proposed annual caps of the Competitiveness Enhancement Agreement for each of the three financial years ending 30 June 2016
---	---

“Annual Caps (Supply)”	the proposed annual caps of the Supply Agreement for each of the three financial years ending 30 June 2016
“associate(s)”	the meaning ascribed to it in the Listing Rules
“Audited Net Asset Value”	means the audited consolidated net asset value of the CGS Group as at 31 December 2013 as shown in the CGS Interim Accounts, save and except that the value of gold and platinum inventory be replaced by their respective market prices as at 31 December 2013
“Business Day”	a day (excluding Saturdays and Sundays and public holidays) on which licensed banks are generally open for business in Hong Kong
“CGS”	China Gold Silver Group Company Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of HKRH as at the date of this announcement
“CGS Agreement”	the agreement dated 28 January 2014 entered into among HKRH, Luk Fook and CGS in respect of the Share Transaction, the HKRH CB Subscription and the grant and subscription of CGS Share Option
“CGS Board”	the board of directors of each member of the CGS Group
“CGS Group”	CGS and its subsidiaries
“CGS Interim Accounts”	the audited consolidated balance sheet of the CGS Group as at 31 December 2013 and the audited consolidated profit and loss account of the CGS Group for the period commencing from the day immediately following 30 June 2013 and ending on 31 December 2013
“CGS Shares”	an ordinary share of USD1.00 in the capital of CGS together with all rights attaching thereto
“CGS Share Option”	the rights to subscribe for the CGS Share Option Shares, free from all encumbrances and ranking pari passu with CSG Shares on the date of issue of the CGS Share Option Shares, at the CGS Option Exercise Price
“CGS Share Option Exercise Price”	US\$24,390.24 payable in respect of each CGS Share Option Share on exercise of the CGS Share Option, subject to adjustments in accordance with the CGS Share Option Terms
“CGS Share Option Share(s)”	such number of CGS Shares which may derive from dividing US\$5,000,000 by the CGS Share Option Exercise Price

“CGS Share Option Terms”	the terms and conditions to the CGS Share Option to be attached to the certificate of the CGS Share Option substantially in the approved terms set out in the CGS Agreement (with such amendments thereto as Luk Fook and CGS may agree in writing)
“Competitiveness Enhancement Agreement”	the Competitiveness Enhancement Agreement in respect of certain services to be provided by member(s) of the Luk Fook Group to member(s) of the CGS Group
“Completion”	completion of the Share Transaction, HKRH CB Subscription and the grant and subscription of the CGS Share Option
“Completion Date”	the 5th Business Day from and excluding the day on which the last of the Conditions having been satisfied or waived (as the case may be) (or such other date as HKRH, Luk Fook and CGS may agree in writing)
“Conditions”	the conditions precedent to the completion of the CGS Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the aggregate consideration for the sale and purchase of the Sale Shares under the CGS Agreement, being 50% of the balance of the Audited Net Asset Value less HK\$60,000,000
“Dr. Wong” or “HKRH Controlling Shareholder”	Dr. Wong, Kennedy, Ying Ho, the controlling shareholder of HKRH and an executive director and the chairman of HKRH
“Existing CGS CB Subscription Agreement”	means the subscription agreement dated 26 August 2013 entered into between 上海鴻城創業投資中心(有限合夥) as original subscriber and CGS as issuer as amended and supplemented by a novation and supplemental agreement dated 13 January 2014 made between HKRH, CGS, 上海鴻城創業投資中心(有限合夥) and Maya Gold Investment Limited relating to the subscription of the Existing CGS Convertible Bonds
“Existing CGS Conversion Shares”	the CGS Shares to be issued by CGS to the holder of the Existing CGS CB Convertible Bonds upon conversion of the Existing CGS Convertible Bonds
“Existing CGS Convertible Bonds”	the Convertible Bonds in the principal amount of US\$5,000,000 issued by CGS to Maya Gold Investment Limited dated 15 January 2014

“Flotation Date”	the date of delivery by CGS or HKRH to Luk Fook of any approval from a stock exchange or trading counter of international repute approved by the majority shareholders of CGS holding in aggregate more than 50% of the voting powers at general meeting (and/or such evidence as Luk Fook may require) confirming the grant of a listing of and permission to deal in the entire equity capital of CGS or (in the event that all the issued equity capital of CGS is held by a holding company of which Luk Fook is a shareholder) of the holding company of CGS in issue from time to time on such stock exchange or trading counter and in a manner approved by and in accordance with the applicable rules of such stock exchange
“GF Capital” or “Independent Financial Adviser”	GF Capital (Hong Kong) Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“HKRH”	Hong Kong Resources Holdings Company Limited, a company incorporated in Bermuda with limited liability and carrying on business in Hong Kong as HKRH China Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2882)
“HKRH CB Subscription”	the subscription of the HKRH Convertible Bonds by Luk Fook pursuant to the terms of the CGS Agreement
“HKRH CS Undertaking”	the deed of undertaking executed by HKRH Controlling Shareholder on 28 January 2014, details of which are set out in the section headed “THE CGS AGREEMENT-(I) THE SHARE TRANSACTION-Deed of undertaking by HKRH Controlling Shareholder”
“HKRH Conversion Price”	the price of HK\$0.18 per HKRH Share, subject to adjustment
“HKRH Conversion Share(s)”	the HKRH Shares to be issued by HKRH to Luk Fook upon conversion of the HKRH Convertible Bonds
“HKRH Convertible Bonds”	the convertible bonds in the principal amount of HK\$57,080,000 to be issued by HKRH to Luk Fook pursuant to the CGS Agreement
“HKRH Directors”	the directors of HKRH
“HKRH Group”	HKRH and its subsidiaries
“HKRH Independent Shareholder(s)”	the independent shareholder(s) of HKRH

“HKRH Independent Board Committee”	an independent board committee of HKRH comprising all the HKRH independent non-executive directors to be established for the purpose of considering and advising the HKRH Independent Shareholders in connection with the CGS Agreement and the Supply Agreement (including the Annual Caps (Supply)) and the transactions contemplated thereunder
“HKRH Shareholder(s)”	the holder(s) of the HKRH Shares
“HKRH Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of HKRH
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“LF Controlling Shareholder”	Luk Fook (Control) Limited, a company incorporated in the British Virgin Islands and the controlling shareholder of Luk Fook Holdings as at the date of this announcement
“LF CS Undertaking”	the deed of undertaking to be executed by LF Controlling Shareholder before Completion, details of which are set out in the section headed “THE CGS AGREEMENT-(I) THE SHARE TRANSACTION-Deed of undertaking by LF Controlling Shareholder”
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 July 2014, or such later date as may be mutually agreed by HKRH and Luk Fook pursuant to the CGS Agreement
“Luk Fook”	Luk Fook 3D Management Company Limited, a company incorporated in the British Virgin Islands and wholly-owned by Luk Fook Holdings as at the date of this announcement
“Luk Fook Directors”	the directors of Luk Fook Holdings
“Luk Fook Group”	Luk Fook Holdings and its subsidiaries
“Luk Fook Holdings”	Luk Fook Holdings (International) Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 0590)
“Luk Fook Shareholders”	the holder(s) of the shares of Luk Fook Holdings

“Maxigood”	Maxigood Enterprises Limited, a company incorporated in Hong Kong and wholly-owned by Luk Fook Holdings as at the date of this announcement
“MOU”	the memorandum of understanding dated 4 November 2013 entered into between Luk Fook Holdings and HKRH in relation to, among other things, the Share Transaction, the HKRH CB Subscription and the Shareholders’ Deed
“Mr. Hui”	Mr. Hui Chiu Chung, a non-executive director of Luk Fook Holdings
“Mr. Wong”	Mr. Wong Wai Sheung, a substantial shareholder of Luk Fook Holdings and the chairman and chief executive and an executive director of Luk Fook Holdings
“Perfect Ace”	Perfect Ace Investments Limited, a company incorporated in the BVI with limited liability
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, Macau and Taiwan)
“Sale Shares”	the 1,667 ordinary shares of US\$1.00 each in the issued share capital of CGS, representing 50% of the issued share capital of CGS as at the date of this announcement
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of HKRH to be convened and held for the HKRH Shareholders to consider and, if thought fit, approve the CGS Agreement, the Supply Agreement (including the proposed annual caps), the Shareholders’ Deed and the grant of the Specific Mandate
“Share Transaction”	the sale and purchase of the Sale Shares on the terms and subject to the conditions set out in the CGS Agreement
“Shareholders’ Deed”	a deed to be entered into between HKRH, Luk Fook and CGS at Completion governing the relationship among shareholders of CGS and the management of the CGS Group after Completion
“Specific Mandate”	the specific mandate to be granted by HKRH’s Shareholders to the board of the HKRH Directors at the SGM for the allotment and issue of the HKRH Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supply Agreement”	the supply agreement in respect of the supply services to be provided by Maxigood (for itself and as agent for and on behalf of each of the subsidiaries of Luk Fook Holdings) to CGS (for itself and as agent for and on behalf of each of its subsidiaries)
“Transactions”	the Share Transaction, the HKRH CB Subscription and the grant and subscription of the CGS Share Option
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board of Directors of
**Hong Kong Resources Holdings
Company Limited**
Dr. WONG, Kennedy Ying Ho, BBS, J.P
Chairman

By Order of the Board of Directors of
**Luk Fook Holdings
(International) Limited**
WONG Wai Sheung
Chairman & Chief Executive

Hong Kong, 28 January 2014

As at the date of this announcement, the Board of HKRH comprises Dr. WONG, Kennedy Ying Ho, BBS, J.P., Mr. LAM Kwok Hing, Wilfred, J.P., Ms. WONG Wing Yan, Ella and Mr. CHEUNG Pak To, Patrick, BBS, as executive Directors; Dr. HUI Ho Ming, Herbert, J.P. as non-executive Director; and Mr. FAN, Anthony Ren Da, Ms. NG Yi Kum, Estella and Mr. WONG Kam Wing as independent non-executive Directors.

As at the date of this announcement, the executive directors of Luk Fook Holdings comprise Mr. WONG Wai Sheung (Chairman and Chief Executive), Mr. TSE Moon Chuen (Deputy Chairman), Mr. WONG Ho Lung, Danny (Deputy Chairman), Ms. WONG Lan Sze, Nancy, Ms. WONG Hau Yeung and Ms. CHUNG Vai Ping; the non-executive directors of Luk Fook Holdings comprise Ms. YEUNG Po Ling, Pauline, Mr. HUI Chiu Chung, JP and Mr. LI Hon Hung, MH, JP; the independent non-executive directors of Luk Fook Holdings comprise Mr. TAI Kwok Leung, Alexander, Mr. IP Shu Kwan, Stephen, GBS, JP, Mr. FOK Kwong Man, Mr MAK Wing Sum, Alvin and Ms. WONG Yu Pok, Marina, JP.