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**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)**

**CONNECTED TRANSACTION IN RELATION  
TO THE LICENSE AGREEMENT**

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
THE SERVICE AGREEMENT**

After the trading hours of the Stock Exchange on 1 September 2015, CGS entered into the License Agreement and the Service Agreement with GS Tech for acquiring the license to use the Products and for engaging GS Tech to provide maintenance services in relation to the Products, respectively.

Pursuant to the License Agreement, CGS shall pay to GS Tech a lump sum license fee of HK\$7,836,207 covering the use of Products by the CGS Group's existing retail outlets and head offices (the retail outlets and head offices at the time of execution of the License Agreement), and an additional license fee for each and every new retail outlet and head office opened after the date of execution of the License Agreement. Pursuant to the Service Agreement, CGS shall pay to GS Tech a monthly maintenance fee covering the maintenance services for the use of Products by the CGS Group's retail outlets and head offices. The maximum amount payable by CGS to GS Tech pursuant to the Service Agreement is estimated to be no more than HK\$4,600,000, HK\$5,800,000 and HK\$6,700,000 for each of the three years ending 30 June 2016, 2017 and 2018, respectively.

As at the date of this announcement, CGS is a subsidiary of the Company and is owned as to 50% by the Company. As Mr. Wong Ho Lung Danny is an executive director of CGS and one of the discretionary beneficiaries of the Wong's family trust which indirectly owns 92% of GS Tech, GS Tech is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The independent non-executive Directors have confirmed that the terms of the transactions contemplated under the Agreements are fair and reasonable and the transactions contemplated under the Agreements are on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

As none of the Directors have a material interest in the License Agreement and Service Agreement, none of them have abstained from voting on the resolutions proposed at the board meeting of the Company to approve the Agreements and the transactions contemplated thereunder.

Pursuant to Rule 14A.101 of the Listing Rules, the transactions contemplated under the Agreements are exempt from circular, independent financial advice and shareholders' approval requirements.

## **THE LICENSE AGREEMENT**

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

<b>Date:</b>	1 September 2015
<b>Licensor:</b>	GS Tech
<b>Licensee:</b>	CGS
<b>License:</b>	In consideration of the payment to GS Tech by CGS of the License Fee, GS Tech grants to the CGS Group a perpetual and non-exclusive license within the License Territory to use the Products.
<b>Duration of the License Agreement:</b>	From the date of the License Agreement to 30 June 2018, unless or until terminated pursuant to the terms of the License Agreement.
<b>License Territory:</b>	Worldwide

**The Products:**

The computer programs in object code form in respect of the following computerized systems to be installed at the CGS Group's retail outlets and/or head offices (including the user manuals in relation to these products):

1. "Goldstar" POS system II
2. "ACCDEP" Accounting ledger and cheque issuing system
3. "CHKPROG" Comprehensive data analysis/processing system
4. "GS Player" Video information broadcasting system
5. Dedicated coding system for inventories tagging department
6. Personnel appraisal and promotion system
7. Personnel management and payroll system
8. Global VIP management system
9. Management of trademark licensees system
10. Management of inventories in warehouse system

**License Fee:**

A lump sum license fee of HK\$7,836,207 covering the use of Products by the CGS Group's existing retail outlets and head offices (the retail outlets and head offices at the time of execution of the License Agreement) shall be paid by CGS to GS Tech, which is calculated in accordance with the License Fee Pricing Basis as described below.

The license granted under the License Agreement would be extended to any new retail outlets and new head offices of the CGS Group opened after the date of execution of the License Agreement, for an additional license fee for each and every new retail outlet and head office, which shall be paid by CGS to GS Tech in accordance with the License Fee Pricing Basis as described below.

## License Fee Pricing

### Basis:

- (a) The license fee in relation to the use of the following products installed in each of the Hong Kong and PRC head offices shall amount to HK\$3,480,000 and RMB1,392,000 per head office respectively:
1. “ACCDEP” Accounting ledger and cheque issuing system
  2. “CHKPROG” Comprehensive data analysis/processing system
  3. Dedicated coding system for inventories tagging department
  4. Personnel appraisal and promotion system
  5. Personnel management and payroll system
  6. Global VIP management system
  7. Management of trademark licensees system
- (b) The license fee in relation to the use of “Goldstar” POS system II shall amount to HK\$37,500 per disk installed in head office or per retail outlet for the Hong Kong head office and Hong Kong and Macau retail outlets; and shall amount to RMB15,000 per disk installed in head office or per self-owned retail outlet for the PRC head office and self-owned retail outlets. The fee amount of five disks or more installed in either Hong Kong head office or PRC head office shall be capped at five disks for fee calculation.
- (c) The license fee in relation to the use of “GS Player” Video Information broadcasting system shall amount to HK\$7,500 and RMB3,000 for each of the Hong Kong and Macau retail outlets and PRC self-owned retail outlets, respectively.
- (d) The license fee in relation to the use of Management of inventories in warehouse system installed in each of the Hong Kong and PRC head offices shall amount to HK\$21,840 and RMB8,736 per head office respectively.

The additional license fee for each and every new retail outlet and head office opened after the date of the License Agreement (the “Additional License Fee”) for the year ending 30 June 2017 and 2018 shall be the higher of (i) the license fee set out above; and (ii) the license fee set out above as adjusted by the increase of consumer price index (A) for the preceding year as announced by the government of Hong Kong. The Company will comply with the requirements of the Listing Rules in respect of the Additional License Fee.

The license fee contemplated under the License Agreement is determined with reference to the evaluation of the fairness of the License Fee for the Products as at 28 August 2015 performed by Greater China Appraisal Limited, an independent valuer who is not connected with any of the directors and chief executive of the Company or any of its subsidiaries and any of their respective associates.

## **THE SERVICE AGREEMENT**

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

<b>Date:</b>	1 September 2015
<b>Parties:</b>	GS Tech; and  CGS
<b>Duration of the Service Agreement:</b>	From the date of the Service Agreement to 30 June 2018, unless or until terminated pursuant to the terms in the Service Agreement.
<b>Maintenance Service:</b>	Subject to the receipt of the monthly maintenance fee payable by CGS for the applicable period, GS Tech will provide maintenance service for the Products.
<b>Maintenance Fee:</b>	A monthly maintenance fee covering the maintenance services for the use of Products by the CGS Group's retail outlets and head offices shall be paid by CGS to GS Tech, which will be calculated in accordance with the Maintenance Fee Pricing Basis as described below.

**Maintenance Fee Pricing****Basis:**

- (a) The annual maintenance fee in relation to the use of the following products installed in each of the Hong Kong and PRC head offices shall amount to HK\$696,000 and RMB556,800 per head office respectively:
1. “ACCDEP” Accounting ledger and cheque issuing system
  2. “CHKPROG” Comprehensive data analysis/processing system
  3. Dedicated coding system for inventories tagging department
  4. Personnel appraisal and promotion system
  5. Personnel management and payroll system
  6. Global VIP management system
  7. Management of trademark licensees system
- (b) The annual maintenance fee in relation to the use of “Goldstar” POS system II shall amount to HK\$36,000 per disk installed in head office and HK\$49,500 per retail outlet for the Hong Kong head office and Hong Kong and Macau retail outlets, respectively; and shall amount to RMB19,800 per disk installed in head office or per self-owned retail outlet for the PRC head office and self-owned retail outlets. The fee amount of five disks or more installed in either Hong Kong head office or PRC head office shall be capped at five disks for fee calculation.
- (c) The annual maintenance fee in relation to the use of “GS Player” Video Information broadcasting system shall amount to HK\$3,000 and RMB1,200 for each of the Hong Kong and Macau retail outlets and PRC self-owned retail outlets, respectively.
- (d) The annual maintenance fee in relation to the use of Management of inventories in warehouse system installed in each of the Hong Kong and PRC head offices shall amount to HK\$4,368 and RMB3,494 per head office respectively.

The annual maintenance fee for the year ending 30 June 2017 and 2018 shall be the higher of (i) the annual maintenance fee above; or (ii) the annual maintenance fee as adjusted by the increase of consumer price index (A) for the preceding year as announced by the government of Hong Kong.

The Maintenance Fee contemplated under the Service Agreement is determined with reference to the evaluation of the fairness of the Maintenance Fee for the Products as at 28 August 2015 performed by Greater China Appraisal Limited, an independent valuer who is not connected with any of the directors and chief executive of the Company or any of its subsidiaries and any of their respective associates; which results indicate that the Maintenance Fee is comparable to the maintenance fees major software vendors generally charge (calculated as a percentage of the annual maintenance fee over the initial software license cost).

### **Annual caps and basis:**

The Annual Caps and the basis of determination of the Annual Caps are set out as follows:

	<b>Caps for the year ending 30 June</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Aggregate amount payable by CGS for transactions contemplated under the Service Agreement	4,600,000	5,800,000	6,700,000

The Annual Caps were determined based on (a) the CGS Group's existing number of retail outlets and head offices (the retail outlets and head offices at the time of execution of the Agreements); and (b) the forecasted growth rates in the CGS Group's number of new retail outlets and head offices in Hong Kong and the PRC for the three years ending 30 June 2018. 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.

### **Reasons for entering into and benefits of the Agreements**

The Directors consider that the entering into the Agreements would allow the CGS Group to increase the operational efficiency of its "3D-GOLD" business through the use of the Products, which would enable the CGS Group further enhance its retail and brand management.

Having taken into account the factors and reasons set out above, the Directors (including the independent non-executive Directors) are of the view that, based on the evaluation performed by Greater China Appraisal Limited, the License Agreement and Service Agreement (including the Annual Caps) are on normal commercial terms, entered into on arm's length basis, in the ordinary and usual course of business of the CGS Group, in the interest of the CGS Group and the Shareholders and fair and reasonable so far as the independent Shareholders are concerned.

### **Information of the parties**

The Company 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, licensing and e-commerce under the brand or trade names of "3D-GOLD", "金至尊", "La Milky Way" and "銀河明星".

CGS is a subsidiary of the Company and is owned as to 50% by the Company. 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, licensing and e-commerce under the brand or trade names of "3D-GOLD", "金至尊", "La Milky Way" and "銀河明星".

GS Tech is 92% indirectly owned by the Wong's family trust, of which Mr. Wong Ho Lung Danny, an executive director of CGS as at the date of this announcement, is one of the discretionary beneficiaries. The principal business activities of GS Tech are the provision of software programs and IT services, including the maintenance of its software programs for its end users. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Wong Ho Lung Danny being an executive director of CGS and the 5,831,430 Shares held by Mr. WS Wong (who is one of the discretionary beneficiaries of the Wong's family trust and a substantial shareholder, the chairman and an executive director of Luk Fook Holdings, which beneficially owns 50% of CGS), GS Tech and its ultimate beneficial owners(s) are third parties independent of the Company and the connected persons of the Company.

As at the date of this announcement, CGS is a subsidiary of the Company and is owned as to 50% by the Company. As Mr. Wong Ho Lung Danny is an executive director of CGS and one of the discretionary beneficiaries of the Wong's family trust which indirectly owns 92% of GS Tech, GS Tech is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The independent non-executive Directors have confirmed that the terms of the transactions contemplated under the Agreements are fair and reasonable and the transactions contemplated under the Agreements are on normal commercial terms and in the interest of the Company and the Shareholders as a whole.



As none of the Directors have a material interest in the License Agreement and Service Agreement, none of them have abstained from voting on the resolutions proposed at the board meeting of the Company to approve the Agreements and the transactions contemplated thereunder.

Pursuant to Rule 14A.101 of the Listing Rules, the transactions contemplated under the Agreements are exempt from circular, independent financial advice and shareholders' approval requirements.

## DEFINITIONS

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

“Agreements”	the License Agreement and the Service Agreement
“Annual Caps”	the annual caps of the Service Agreement for each of the three years ending 30 June 2018
“associate(s)”	the meaning ascribed to it in the Listing Rules
“CGS”	China Gold Silver Group Company Limited, a company incorporated in the British Virgin Islands with limited liability and a subsidiary of the Company as at the date of this announcement
“CGS Group”	CGS and its subsidiaries
“Company”	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)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“GS Tech”	GS Tech Company Limited, a company incorporated in Hong Kong and 92% indirectly owned by the Wong's family trust, of which Mr. Wong Ho Lung Danny and Mr. WS Wong, together with others, are discretionary beneficiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“License Agreement”	the license agreement entered into between CGS and GS Tech on 1 September 2015 in relation to the grant of a license to use the Products by GS Tech to the CGS Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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)
“Mr. WS Wong”	Mr. Wong Wai Sheung, one of the discretionary beneficiaries of the Wong’s family trust (which indirectly owns 92% of GS Tech), a substantial shareholder of Luk Fook Holdings and the chairman and chief executive and an executive director of Luk Fook Holdings
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, Macau and Taiwan)
“Products”	the computer programs in object code form in respect of certain computerized systems to be installed at the CGS Group’s retail outlets and/or head offices (including the user manuals in relation to the products)
“Service Agreement”	the service agreement entered into between CGS and GS Tech on 1 September 2015 in relation to the provision of certain maintenance services by GS Tech to the CGS Group relating to the Products
“Shareholder(s)”	the holder(s) of the Shares
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board of  
**Hong Kong Resources Holdings Company Limited**  
**Mrs. Wong Chew Li Chin**  
*Chairman*

Hong Kong, 1 September 2015

*As at the date of this announcement, the Board comprises Mrs. Wong Chew Li Chin and Ms. Wong Wing Yan, Ella as executive Directors, Mr. Lam Kwok Hing, Wilfred, J.P. and Mr. Cheung Pak To, Patrick, BBS as non-executive Directors and Mr. Fan, Anthony Ren Da, Mr. Wong Kam Wing and Mr. Fan Chun Wah, Andrew as independent non-executive Directors.*