

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2013-01-11** | Period of Report: **2013-01-10**
SEC Accession No. [0001144204-13-001800](#)

([HTML Version](#) on [secdatabase.com](#))

FILER

KINGOLD JEWELRY, INC.

CIK: **1089531** | IRS No.: **133883101** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **001-15819** | Film No.: **13524124**
SIC: **7389** Business services, nec

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 10, 2013

KINGOLD JEWELRY, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-15819
(Commission File Number)

13-3883101
(IRS Employer Identification No.)

15 Huangpu Science and Technology Park
Jiang'an District
Wuhan, Hubei Province, PRC
(Address of principal executive offices)

430023
(Zip Code)

Registrant's telephone number, including area code: (011) 86 27 65694977

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On January 10, 2013, we entered into a Subscription Agreement with three individuals providing for the sale of an aggregate 7,000,000 shares of our common stock at a price of \$1.80 per share for aggregate gross proceeds of \$12,600,000. We also granted the investors warrants to acquire up to an aggregate 2,800,000 additional shares of our common stock at a price of \$1.80 per share, which warrants are exercisable at any time in whole or in part within twelve months of the date of the Subscription Agreement.

We intend to issue the investors shares of common stock and warrants that have been registered with the Securities and Exchange Commission (“SEC”) on our registration statement on Form S-3 (SEC File No. 333-179694) and will prepare and file with the SEC a prospectus supplement relating to such offer and sale.

The foregoing description of the Subscription Agreement and warrants are qualified in their entirety by reference to the full text of the Subscription Agreement and Form of Warrant, attached hereto as Exhibit 10.1 and Exhibit 10.2, respectively, and which are incorporated herein in their entirety by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

No.	Description
5.1	Opinion of Reed Smith LLP
10.1	Subscription Agreement, dated January 10, 2013 between Kingold Jewelry, Inc. and the subscribers named therein
10.2	Form of Warrant dated January 10, 2013

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KINGOLD JEWELRY, INC.

By: /s/ Zhihong Jia

Name: Zhihong Jia

Title: Chief Executive Officer

Date: January 11, 2013



Reed Smith LLP
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reedsmith.com

January 10, 2013

Kingold Jewelry, Inc.
15 Huangpu Science and Technology Park
Jiang'an District
Wuhan, Hubei Province, PRC 430023

Ladies and Gentlemen:

We have acted as U.S. securities counsel to Kingold Jewelry, Inc., a Delaware corporation (the “Company”), in connection with the issuance and sale by the Company of 7,000,000 shares (the “Firm Shares”) of common stock, par value \$0.001 per share, of the Company (the “Common Stock”) and warrants (the “Warrants”) to purchase an additional 2,800,000 Shares of Common Stock (the “Warrant Shares”) and together with the Firm Shares, the “Shares”) pursuant to that certain Subscription Agreement, dated January 10, 2013 (the “Subscription Agreement”), between the Company and the investors named therein (the “Investors”). The Shares and the Warrants will be offered and sold to the Investors pursuant to the prospectus supplement, dated January 10, 2013 (the “Prospectus Supplement”), supplementing the prospectus dated March 13, 2012 (the “Base Prospectus”), that forms part of the Company’s shelf registration statement on Form S-3 (File No. 333-179694) (the “Registration Statement”). As used in this opinion letter, the term “Prospectus” means the Prospectus Supplement and the Base Prospectus, including the documents incorporated or deemed to be incorporated by reference therein pursuant to Item 12 of Form S-3 under the Securities Act of 1933, as amended (the “Securities Act”).

As U.S. securities counsel for the Company, we have examined (i) the Prospectus; (ii) the Registration Statement; (iii) the form of certificate used to evidence the Common Stock; (iv) an executed copy of the Subscription Agreement; (v) the form of stock purchase warrant (the “Warrant Agreement”) to be used to evidence the Warrants and (vi) certain resolutions of the Board of Directors of the Company adopted on January 9, 2013, each as certified by the Secretary of the Company on the date hereof as being true, correct and complete, relating to, among other things, the execution and delivery of the Subscription Agreement and the Warrant Agreements and the issuance and sale of the Shares and the Warrants (the “Resolutions”).

We have also examined originals, or copies of originals certified or otherwise identified to our satisfaction, of such records of the Company and other corporate documents, have examined such questions of law and have satisfied ourselves as to such matters of fact as we have considered relevant and necessary as a basis for this opinion letter. We have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the legal capacity of all natural persons and the conformity with the original documents of any copies thereof submitted to us for our examination.

NEW YORK ♦ LONDON ♦ HONG KONG ♦ CHICAGO ♦ WASHINGTON, D.C. ♦ BEIJING ♦ PARIS ♦ LOS ANGELES ♦ SAN FRANCISCO ♦ PHILADELPHIA ♦
SHANGHAI ♦ PITTSBURGH

MUNICH ♦ ABU DHABI ♦ PRINCETON ♦ NORTHERN VIRGINIA ♦ WILMINGTON ♦ SILICON VALLEY ♦ DUBAI ♦ CENTURY CITY ♦ RICHMOND ♦ GREECE

Based on, and subject to the foregoing and the other limitations, qualifications, exceptions and assumptions set forth herein, we are of the opinion that (i) the Shares have been duly authorized and, when issued and delivered by the Company pursuant to the provisions of the Subscription Agreement (and, in the case of the Warrant Shares, upon exercise of the Warrants in accordance with the terms of the Warrant Agreements) against payment of the requisite consideration therefor, will be validly issued, fully paid and non-assessable and (ii) the Warrants have been duly authorized and, upon execution and delivery of a Warrant Agreement pursuant to the provisions of the Subscription Agreement, the Warrants will constitute valid and binding obligations of the Company subject only to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights generally.

This opinion letter is limited to the federal laws of the United States of America and the Delaware General Corporation Law. We express no opinion, and make no statement, as to the laws, rules or regulations of any other jurisdiction or as to the municipal laws or the laws, rules or regulations of any local agencies or governmental authorities of or within the State of Delaware, or as to any matters arising thereunder or relating thereto.

We do not find it necessary for the purposes of this opinion letter to cover, and accordingly we express no opinion as to, the application of the securities or blue sky laws of the various states to sales of the Shares or Warrants.

The opinions set forth herein are given as of the date hereof, and we undertake no obligation to update or supplement this opinion letter if any applicable law changes after the date hereof or if we become aware of any fact or other circumstances that changes or may change our opinion set forth herein after the date hereof or for any other reason.

We hereby consent to the filing of this opinion letter as an Exhibit to the filing by the Company of a Current Report on Form 8-K on the date hereof, which Form 8-K will be incorporated by reference into the Registration Statement, and to all references to our firm included in or made a part of the Prospectus. In giving such consent, we do not thereby admit that we are within the category of persons whose consent is required by Section 7 of the Securities Act or the related rules promulgated by the Securities and Exchange Commission.

Very truly yours,

/s/ Reed Smith LLP

YCP/RKM/mcs

KINGOLD JEWELRY, INC.
SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT (this “Subscription Agreement”) is dated as of January 10, 2013, by and between Kingold Jewelry, Inc., a Delaware corporation (the “Company”), and the subscribers named on the signature pages and on Schedule A hereto (each, a “Subscriber” and collectively, the “Subscribers”).

BACKGROUND

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to an effective registration statement under the U.S. Securities Act of 1933, as amended (the “Act”), the Company desires to issue and sell to each Subscriber, and each Subscriber, severally and not jointly, desires to purchase from the Company shares of the common stock par value \$0.001 per share of the Company (“Common Stock”), and the Company desires to grant to each Subscriber a warrant to purchase additional shares of Common Stock, each as more fully described in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and each Subscriber agree as follows:

1. Share Purchase and Warrant Grant. Upon the terms and subject to the conditions set forth herein:

1.1 The Company agrees to sell, and the Subscribers, severally and not jointly, agree to purchase, an aggregate of Seven Million (7,000,000) shares of Common Stock (the “Firm Shares”) for an aggregate purchase price of Twelve Million Six Hundred Thousand U.S. Dollars (\$12,600,000), or \$1.80 per Firm Share. Each Subscriber shall deliver as instructed by the Company, via wire transfer, immediately available funds equal to such Subscriber’s Subscription Amount as set forth on the Schedule A and the Company shall deliver to each Subscriber its respective Firm Shares.

1.2 The Company agrees to grant to the Subscribers warrants (the “Warrants”) to purchase up to an aggregate Two Million Eight Hundred Thousand (2,800,000) additional shares of Common Stock from the Company (the “Warrant Shares”) at a purchase price per Warrant Share equal to the price per Firm Share set forth in Section 1.1 hereof, with each Subscriber receiving warrants to purchase that number of Warrant Shares pro rata to its purchase of Firm Shares as set forth on the signature page and on Schedule A hereto, in the form attached as Schedule B hereto. The Firm Shares and the Warrant Shares are hereinafter referred to together as the “Shares”.

2. Subscriber’s Representations and Warranties. The Subscriber hereby represents, warrants and/or acknowledges to the Company that:

2.1 Such Subscriber, if an entity, is an entity duly incorporated or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation with full right, corporate, partnership, limited liability company or similar power and authority to enter into and to consummate the transactions contemplated by this Agreement and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and performance by such Subscriber of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate, partnership, limited liability company or similar action, as applicable, if any, on the part of such Subscriber and this Agreement has been duly executed by such Subscriber, and when delivered by such Subscriber in accordance with the terms hereof, will constitute the valid and legally binding obligation of such Subscriber, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors’ rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies, and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

2.2 The Subscriber is acquiring the Shares and the Warrants for which it hereby subscribes as a principal for its own investment account, and not with a view to the resale or distribution of all or any part thereof.

2.3 The Subscriber is not a “distributor” as defined in Regulation S under the Act and is not an officer, director or “affiliate” (as that term is defined in Rule 405 under the Act) of the Company or an “underwriter” or “dealer” (as such terms are defined in the federal securities laws of the United States).

2.4 The Subscriber does not have a short position in, or other hedged position with respect to, the Shares, the Warrants or any other shares of the Common Stock. The Subscriber’s trading activities with respect to the Shares and the Warrants shall be in compliance with all applicable federal and state securities laws.

2.5 The Subscriber acknowledges it is aware of and agrees to comply with the Securities Exchange Act of 1934, as amended, including Section 13 thereunder, pertaining to its holding of the Shares and the Warrants.

3. Survival. The foregoing representations are true and accurate as of the date hereof, shall be true and accurate as of the date of the closing of the sale of the Shares and the Warrants (the “Closing”) and shall survive such Closing. If, in any respect, such representations shall not be true and accurate prior to or upon the Closing of this offering, the Subscriber shall give written notice of such fact to the Company, specifying which representations are not true and accurate and the reasons therefor.

4. Indemnification. The Subscriber agrees to indemnify and hold harmless the Company and its affiliates, and each of the officers, directors, partners and shareholders of each, from and against any loss, damage or liability due to or arising out of: (i) a breach of any of the foregoing representations made by the Subscriber herein; (ii) any and all claims, actions or matters having to do with the lack of registration of the Shares or the Warrants; (iii) any and all claims or actions that are related to or caused by the Subscriber’s failure to fulfill any of the terms and conditions of this Subscription Agreement or by reason of Subscriber’s breach of any of the representations, warranties and covenants of Subscriber contained herein; and (iv) any and all claims or actions that arise out of or are based upon the Subscriber providing material misstatements of facts, misleading or false information to the Company, or failing to disclose material facts in this Subscription Agreement or otherwise in connection with the issuance of the Shares and the Warrants.

5. Lock-Up. In the event of an underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Act, if such Subscriber is the beneficial owner of 5% or more of the Company’s equity securities at such time, such Subscriber agrees that it will enter into customary “lock-up” agreements in favor of the underwriters pursuant to which it will agree that it will not offer, pledge, sell, contract to sell, encumber, lend, grant any option for the sale of or otherwise transfer or dispose of any equity securities of the Company without the prior written consent of the Company or its underwriters, for such period of time from and after the effective date of such registration statement as may be requested by the Company or such underwriters.

6. Notice. All notices or other communications given or made under this Subscription Agreement shall be in writing and shall be (a) personally delivered, or (b) sent by certified mail, return receipt requested, postage prepaid or by reputable overnight courier providing a receipt against delivery. Such notices or other communications shall be delivered or sent to the Subscriber at its address set forth on the signature page hereof, and to the Company at Kingold Jewelry, Inc., 15 Huangpu Science and Technology Park, Jiang’an District, Wuhan, Hubei Province, PRC 430023, *Attention: Zhihong Jia*, CEO, with a copy (which shall not constitute notice) to: Reed Smith LLP, 599 Lexington Avenue, New York, New York 10022, *Attention: Yvan Claude J. Pierre*, Esq., facsimile: (212) 521-5450, e-mail: ypierre@reedsmith.com, or in either case to such other address as either party may from time to time duly specify by notice given to the other party in the manner specified above.

7. **Assignment.** This subscription is not transferable or assignable by the Subscriber.

8. **Binding Effect.** This subscription, upon acceptance by the Company, shall be binding upon the heirs, executors, administrators, successors and assigns of the Subscriber.

9. **Governing Law; Waiver of Jury Trial.** THIS SUBSCRIPTION AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES. EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HERewith OR WITH ANY TRANSACTION CONTEMPLATED HEREBY OR DISCUSSED HEREIN, AND HEREBY IRREVOCABLY WAIVES, AND AGREES NOT TO ASSERT IN ANY SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT, THAT SUCH SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM OR THAT THE VENUE OF SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER. EACH PARTY HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS TO PROCESS BEING SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING BY MAILING A COPY THEREOF TO SUCH PARTY AT THE ADDRESS FOR SUCH NOTICES TO IT UNDER SUBSCRIPTION AGREEMENT AND AGREES THAT SUCH SERVICE SHALL CONSTITUTE GOOD AND SUFFICIENT SERVICE OF PROCESS AND NOTICE THEREOF. NOTHING CONTAINED HEREIN SHALL BE DEEMED TO LIMIT IN ANY WAY ANY RIGHT TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS SUBSCRIPTION AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

10. **Severability.** In the event that any provision of this Subscription Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform to such statute or rule of law. Any provision hereof that may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

11. **Entire Agreement.** This Subscription Agreement constitutes the entire understanding among the parties with respect to the subject matter hereof, and supersedes any prior understanding and/or written or oral agreements among them. This Subscription Agreement may not be changed or modified, except by an agreement in writing signed by each of the parties hereto.

12. Counterparts. This Subscription Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall be deemed to be one and the same instrument.

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KINGOLD JEWELRY, INC.
SUBSCRIPTION AGREEMENT
SIGNATURE PAGE

The Subscriber hereby subscribes for the Common Stock set forth below issued by Kingold Jewelry, Inc., a corporation organized under the laws of the State of Delaware.

1. Dated: January 10, 2013
2. Five Hundred Thousand (500,000) shares of Common Stock

SUBSCRIBER:

Ms. Wang, Jianhua

[Please print or type all Subscriber information]

By: /s/ Wang Jianhua

Name: Wang Jianhua

Taxpayer Identification Number:

Address

Number and Street

City State Zip Code

Subscription for Shares accepted as of

January 10, 2013

**KINGOLD JEWELRY,
INC.**

By: /s/ Zhihong Jia
Zhihong Jia, CEO

KINGOLD JEWELRY, INC.
SUBSCRIPTION AGREEMENT
SIGNATURE PAGE

The Subscriber hereby subscribes for the Common Stock set forth below issued by Kingold Jewelry, Inc., a corporation organized under the laws of the State of Delaware.

1. Dated: January 10, 2013
2. Three Million Five Hundred Thousand (3,500,000) shares of Common Stock

SUBSCRIBER:

Mr. Ng, Shik Yau

[Please print or type all Subscriber information]

By: /s/ Ng Shik Yau

Name: Ng Shik Yau

Taxpayer Identification Number:

Address

Number and Street

City State Zip Code

Subscription for Shares accepted as of

January 10, 2013

**KINGOLD JEWELRY,
INC.**

By: /s/ Zhihong Jia

Zhihong Jia, CEO

KINGOLD JEWELRY, INC.
SUBSCRIPTION AGREEMENT
SIGNATURE PAGE

The Subscriber hereby subscribes for the Common Stock set forth below issued by Kingold Jewelry, Inc., a corporation organized under the laws of the State of Delaware.

1. Dated: January 10, 2013
2. Three Million (3,000,000) shares of Common Stock

SUBSCRIBER:

Mr. Yan, Fei

[Please print or type all Subscriber information]

By: /s/ Yan Fei

Name: Yan Fei

Taxpayer Identification Number:

Address

Number and Street

City State Zip Code

Subscription for Shares accepted as of

January 10, 2013

**KINGOLD JEWELRY,
INC.**

By: /s/ Zhihong Jia

Zhihong Jia, CEO

Schedule A

Schedule B

KINGOLD JEWELRY, INC.

FORM OF STOCK PURCHASE WARRANT

Date of Issuance: January 10, 2013

Certificate No.

FOR VALUE RECEIVED, Kingold Jewelry, Inc., a corporation organized and existing under the laws of the State of Delaware (the “Company”), hereby grants to _____ or its registered assigns (the “Holder”) the right to purchase from the Company, _____ shares of the Company’s Common Stock (the “Warrant Shares”) at a price per share equal to the Exercise Price (as adjusted from time to time in accordance herewith). Certain capitalized terms used herein are defined in Section 5 hereof. The amount and kind of securities obtainable pursuant to the rights granted hereunder and the purchase price for such securities are subject to adjustment pursuant to the provisions contained in this Warrant.

1. Exercise of Warrant.

1.1 Exercise Period. The Holder may exercise, in whole or in part the purchase rights represented by this Warrant at any time and from time to time after January 10, 2013 to and including January 9, 2014 (the “Exercise Period”).

1.2 Exercise.

(a) The Warrant may be exercised in full by the Holder hereof by delivery of an original or facsimile copy of the form of subscription attached as Exhibit A hereto (the “Subscription Form”) duly executed by such Holder and surrender of the original Warrant to the Company at its principal office and upon payment of the Exercise Price by wire transfer of immediately available funds.

(b) This Warrant shall be deemed to have been exercised and such certificate or certificates representing the Warrant Shares to be issued in connection with such exercise shall be deemed to have been issued, and the Holder or any other person so designated to be named therein shall be deemed to have become the Holder of record of such Warrant Shares for all purposes, as of the date the Warrant has been exercised in accordance with the terms hereof, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such Warrant Shares shall not then be physically delivered to the Holder. No deduction shall be made from the amount paid by the Holder for any commissions, discounts or other expenses incurred by the Company for any underwriting of the issue or otherwise in connection therewith

(c) The Company shall pay all documentary stamp taxes attributable to the issuance of Warrant Shares underlying this Warrant upon the exercise as provided herein; provided, however, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the registration of any certificate for Warrant Shares underlying this Warrant in a name other than that of the Holder. The Holder is responsible for all other tax liability that may arise as a result of holding or transferring this Warrant or receiving shares of Common Stock underlying this Warrant upon exercise hereof.

1.3 Partial Exercise. The Warrant may be exercised in part (but not for a fractional share) by surrender of this Warrant in the manner and at the place provided in subsection 1.2 except that the amount payable by the Holder on such partial exercise shall be the amount obtained by multiplying (a) the number of whole Warrant Shares designated by the Holder in the Subscription Form by (b) the Exercise Price then in effect. On any such partial exercise, the Company, at its expense, will forthwith issue and deliver to or on the order of the Holder hereof a new Warrant of like tenor, in the name of the Holder hereof or as such Holder (upon payment by such Holder of any applicable transfer taxes) may request, the whole number of Warrant Shares for which such Warrant may still be exercised.

1.4 Delivery of Stock Certificates on Exercise. The Company agrees that the Warrant Shares purchased upon exercise of this Warrant shall be deemed to be issued to the Holder hereof as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares as provided herein. The Company shall deliver the Warrant Shares within three (3) Trading Days after exercise of this Warrant (or, in the event that payment and the surrendered Warrant is received after 12:00 Noon, New York City time, within four (4) Trading Days). If the Holder fails to receive a certificate or certificates representing the Warrant Shares pursuant to this Section 1.4 within the time period required above, then the Holder will have the right to rescind such exercise.

2. Adjustment of Exercise Price and Number of Warrant Shares. The Exercise Price in effect and the number and kind of securities purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the happening of certain events as provided in this Section 2.

2.1 Dividends, Splits, Reclassifications Etc. (a) If after the Issue Date, the Company: (1) pays a dividend or makes a distribution on its Common Stock in shares of its Common Stock; (2) subdivides its outstanding shares of Common Stock into a greater number of shares; or (3) combines its outstanding shares of Common Stock into a smaller number of shares; then the Exercise Price in effect immediately prior to such action shall be adjusted to the number obtained by multiplying the Exercise Price by a fraction, the numerator which shall be the number of shares of Common Stock outstanding immediately prior to such action, and the denominator of which shall be the number of shares of Common Stock outstanding immediately following such action.

(b) If the Company makes any distribution payable in securities or assets of the Company (other than shares of Common Stock), then and in each such event provision shall be made so that the Holder of this Warrant shall receive upon exercise, in addition to the number of shares of Common Stock receivable hereupon, the amount of securities or assets of the Company which the Holder would have received had this Warrant been converted into Common Stock on the date of such event and had the Holder thereafter, during the period from the date of such event to and including the date of exercise, retained such securities or assets receivable by them as aforesaid during such period, subject to all other adjustment called for during such period under this Section 2.

(c) The adjustment shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision, combination or reclassification. If after an adjustment, a Holder of a share of this Warrant upon conversion of such Warrant may receive shares of two or more classes of Capital Stock of the Company, the Exercise Price will thereafter be subject to adjustment upon the occurrence of an action taken with respect to any such class of Capital Stock with respect to the Common Stock on terms comparable to those applicable to Common Stock described herein.

(d) No adjustment in the Exercise Price need be made unless the adjustment would require an increase or decrease of at least \$0.01 in the Exercise Price. Any adjustments that are not made shall be carried forward and taken into account in any subsequent adjustment. All calculations relating to anti-dilution adjustments shall be made to the nearest cent.

(e) No adjustment need be made for a change in the par value or no par value of the Common Stock.

(f) If the Company is a party to a transaction involving a sale of substantially all of the assets of the Company or a merger or binding share exchange that reclassifies or changes its outstanding Common Stock, the person obligated to deliver securities, cash or other assets upon conversion of this Warrant will be required to assume the obligations of the Company with respect to this Warrant. In addition, if the Company in connection with any such transaction makes a distribution to all holders of its Common Stock of any of its assets, or debt securities or any rights, warrants or options to purchase securities of the Company, then, from and after the record date for determining the holders of Common Stock entitled to receive the distribution, a holder of a share of this Warrant that exercises this Warrant would, upon such conversion, be entitled to receive, in addition to the shares of Common Stock into which such Warrant is exercisable, the kind and amount of securities, cash or other assets comprising the distribution that such holder would have received if such holder had exercised the Warrant immediately prior to the record date for determining the holders of Common Stock entitled to receive the distribution.

(g) Whenever the Exercise Price is adjusted in accordance with this Section 2, the Company shall: (1) forthwith compute the Exercise Price in accordance with this Section 2 and prepare a certificate from an Officer setting forth the Exercise Price, the method of calculation thereof in reasonable detail, and the facts requiring such adjustment and upon which such adjustment is based; and (2) as soon as practicable following the occurrence of an event that requires an adjustment to the Exercise Price pursuant to Section 2 (or if the Company is not aware of such occurrence, as soon as practicable after becoming so aware), provide a written notice to the holder of the Warrant of the occurrence of such event and a statement setting forth in reasonable detail the method by which the adjustment to the Exercise Price was determined and setting forth the adjusted Exercise Price.

(h) After an adjustment to the Exercise Price, any subsequent event requiring an adjustment will cause a subsequent adjustment to the Exercise Price as so adjusted.

(i) In connection with the exercise of this Warrant, no fractions of shares of Common Stock shall be issued, but the Company shall, with respect to any fractional interest: (i) pay cash with respect to the Market Price of such fractional share; or (ii) round up to the next whole share of Common Stock.

3. Certificate as to Adjustments. In each case of any adjustment or readjustment in the Warrant Shares issuable on the exercise of the Warrants, the Company will cause an Officer or other appropriate designee to compute such adjustment or readjustment in accordance with the terms of the Warrant and prepare a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based, including the number of Warrant Shares to be received upon exercise of this Warrant, in effect immediately prior to such adjustment or readjustment and as adjusted or readjusted as provided in this Warrant.

4. Reservation of Stock, etc. Issuable on Exercise of Warrant. The Company will at all times reserve and keep available, solely for issuance and delivery on the exercise of the Warrants, a sufficient number of shares of Common Stock from time to time issuable on the exercise of the Warrant.

5. Definitions. As used herein, capitalized terms, in addition to the terms defined elsewhere herein and unless the context otherwise requires, have the following respective meanings:

(a) “Business Day” means any day except Saturday, Sunday and any day which shall be in New York, New York, a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close.

(b) “Capital Stock” means (i) with respect to any Person that is a corporation, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock and (ii) with respect to any other Person, any and all partnership or other equity interests of such Person.

(c) “Commission” shall mean the United States Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

(d) “Common Stock” means (i) the Company’s common stock, \$0.001 par value per share, and (ii) any other securities into which or for which any of the securities described in clause (i) may be converted or exchanged pursuant to a plan of recapitalization, reorganization, merger, sale of assets or otherwise.

(e) “Exercise Price” mean \$1.80, as adjusted in accordance with Section 2 hereof.

(f) “Market Price” as of any date (the “Reference Date”) means the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on the NYSE MKT, the New York Stock Exchange, the NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market, whichever is at the time the principal trading exchange or market for the Common Stock (a “Principal Market”), the volume weighted average price of the Common Stock on the Principal Market on which the Common Stock is then listed or quoted for the 10 Trading Days immediately preceding the Reference Date; (b) if the Common Stock is not then listed or quoted on a Principal Market and if prices for the Common Stock are then quoted on the Over-The-Counter Bulletin Board, the volume weighted average price of the Common Stock on the Over-The-Counter Bulletin Board for the 10 Trading Days immediately preceding the Reference Date; (c) if the Common Stock is not then listed or quoted on the Over-The-Counter Bulletin Board and if prices for the Common Stock are then reported in the “Pink Sheets” published by Pink Sheets LLC (or a similar organization or agency succeeding to its functions of reporting prices), the average of the closing bid and ask price per share of the Common Stock so reported for the 10 Trading Days immediately preceding the Reference Date; or (d) in all other cases, the fair market value of a share of Common Stock as determined by the Company’s Board of Directors acting reasonably and in good faith and evidenced by a resolution of such Board of Directors.

(g) “Officer” means the Chairman, any Vice Chairman, the Chief Executive Officer, the President, the Chief Operating Officer, any Vice President, the Chief Financial Officer, the Treasurer, or the Secretary of the Company.

(h) “Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

(i) “Trading Day” means a day on which the Common Stock traded on the Company’s principal national securities exchange or quotation system or in the over-the-counter market and was not suspended from trading on any national securities exchange or quotation system or over-the-counter market at the close of business on such day.

6. Assignment; Exchange of Warrant. Subject to compliance with all applicable securities laws, this Warrant, and all rights hereunder are assignable or transferable upon the surrender for exchange of this Warrant with endorsement of the holder of this Warrant proposing to effect the assignment (a “Transferor”) in the form of Exhibit B attached hereto (the “Transferor Endorsement Form”) and together with an opinion of counsel reasonably satisfactory to the Company that the transfer of this Warrant will be in compliance with all applicable securities laws. The Company at its expense, but with payment by the Transferor of any applicable transfer taxes, will issue and deliver to or on the order of the Transferor thereof a new Warrant or Warrants of like tenor, in the name of the Transferor and/or the transferee(s) specified in such Transferor Endorsement Form (each, a “Transferee”), calling in the aggregate on the face or faces thereof for the number of shares of Common Stock called for on the face or faces of the Warrant so surrendered by the Transferor. No such transfers shall result in a public distribution of the Warrant.

7. Replacement of Warrant. If this Warrant shall be mutilated, lost, stolen or destroyed, the Company shall issue, in exchange and in substitution for and upon cancellation of the mutilated Warrant, or in lieu of and substitution for the Warrant lost, stolen or destroyed, a new Warrant of like tenor, but only upon receipt of evidence of such loss, theft or destruction of such Warrant and indemnity, if requested, satisfactory to the Company.

8. No Shareholder Rights. This Warrant shall not entitle the Holder hereof to any voting rights or other rights as a stockholder of the Company.

9. Transfer on the Company’s Books. Until this Warrant is transferred on the books of the Company, the Company may treat the Holder hereof as the absolute owner hereof for all purposes, notwithstanding any notice to the contrary.

10. Representations and Covenants of Holder. The Holder represents and warrants that it is acquiring the Warrant and the Warrant Shares solely for its account for its own account and not with a view to or for sale or distribution of said Warrant or Warrant Shares or any part thereof. The Holder also represents that the entire legal and beneficial interests of the Warrant and Warrant Shares the Holder is acquiring are being acquired for, and will be held for, the Holder's account only.

11. Notices. All notices, demands, requests, consents, approvals or other communications (collectively, "Notices") required or permitted to be given hereunder or which are given with respect to this Warrant shall be in writing and shall be personally served, delivered by reputable air courier service with charges prepaid, or transmitted by hand delivery, telegram, telex or facsimile, addressed as set forth below, or to such other address as such party shall have specified most recently by written notice. Notice shall be deemed given on the date of service or transmission if personally served or transmitted by telegram, telex or facsimile. Notice otherwise sent as provided herein shall be deemed given on the next Business Day following delivery of such notice to a reputable air courier service. Notices shall be delivered as follows:

If to the Company: Kingold Jewelry, Inc.
15 Huangpu Science and Technology Park
Jing'an District, Wuhan, Hubei Province
PRC 430023
Attention: Zhihong Jia, CEO

with a copy to: Reed Smith LLP
599 Lexington Avenue
New York, New York 10022
Attention: Yvan-Claude J. Pierre, Esq.
Fax: (212) 521-5450
E-mail: ypierre@reedsmith.com

if to the Holder: to its most recent address as set forth in the books and records of the
Company

12. Headings Descriptive. The headings of the several sections and subsections of this Warrant are inserted for convenience only and shall not in any way affect the meaning or construction of any term of this Warrant.

13. Governing Law; Submission to Jurisdiction; Venue; Waiver of Jury Trial. THIS WARRANT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES. EACH OF THE COMPANY AND THE HOLDER HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR WITH, AND HEREBY IRREVOCABLY WAIVES, AND AGREES NOT TO ASSERT IN ANY SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT, THAT SUCH SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM OR THAT THE VENUE OF SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER. EACH OF THE COMPANY AND THE HOLDER HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS TO PROCESS BEING SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING BY MAILING A COPY THEREOF TO SUCH PARTY AT THE ADDRESS FOR SUCH NOTICES TO IT IN SECTION 11 AND AGREES THAT SUCH SERVICE SHALL CONSTITUTE GOOD AND SUFFICIENT SERVICE OF PROCESS AND NOTICE THEREOF. NOTHING CONTAINED HEREIN SHALL BE DEEMED TO LIMIT IN ANY WAY ANY RIGHT TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW. EACH OF THE COMPANY AND THE HOLDER HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT.

14. Miscellaneous. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing by the Company and the Holder. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

* * * * *

IN WITNESS WHEREOF, the Company has executed this Warrant as of the date first written above.

KINGOLD JEWELRY, INC.

By: _____
Name: Zhihong Jia
Title: Chief Executive Officer

Signature Page to Warrant

Exhibit A

FORM OF SUBSCRIPTION
(to be signed only on exercise of Warrant)

TO: KINGOLD JEWELRY, INC.

(1) Payment. The undersigned, pursuant to the provisions set forth in the attached Warrant (No. ____), hereby irrevocably elects to purchase _____ shares of Common Stock of KINGOLD JEWELRY, INC. (the "Company") covered by such Warrant. Payment shall take the form of lawful money of the United States.

(2) The undersigned requests that the certificates for said shares of Common Stock be issued in the name of, and delivered to _____ whose address is _____

The undersigned represents and warrants that all offers and sales by the undersigned of the securities issuable upon exercise of the within Warrant shall be made pursuant to registration of the Common Stock under the Securities Act of 1933, as amended (the "Securities Act"), or pursuant to an exemption from registration under the Securities Act.

Dated: _____

(Signature must conform to name of holder as specified on the face of the warrant)

(address)

Exhibit B

FORM OF TRANSFEROR ENDORSEMENT
(To be signed only on transfer of Warrant)

For value received, the undersigned hereby sells, assigns, and transfers unto the person(s) named below under the heading "Transferees" the right represented by the within Warrant to purchase the percentage and number of shares of Common Stock of KINGOLD JEWELRY, INC. to which the within Warrant relates specified under the headings "Percentage Transferred" and "Number Transferred," respectively, opposite the name(s) of such person(s) and appoints each such person Attorney to transfer its respective right on the books of KINGOLD JEWELRY, INC. with full power of substitution in the premises.

<u>Transferees</u>	<u>Percentage Transferred</u>	<u>Number Transferred</u>

Dated: _____, _____

(Signature must conform to name of holder as specified on the face of the warrant)

Signed in the presence of:

(Name)

ACCEPTED AND AGREED:
[TRANSFEREE]

(address)

(address)
