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**If you have sold or transferred** all your shares in Ming Fung Jewellery Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



**MING FUNG JEWELLERY GROUP LIMITED**

**明豐珠寶集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 860)**

**CONTINUING CONNECTED TRANSACTIONS  
RE-ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**

**VEDA | CAPITAL**  
**智略資本**

A notice convening the EGM to be held on 29 November 2013 at Room 1825, 18th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong at 2:30 p.m. is set out on pages 27 and 28 of this circular. Whether or not the Shareholders are able to attend the EGM, the Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM should the Shareholders so wish.

\* *for identification purpose only*

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## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Aggregate Annual Cap”	the aggregate of the Annual Caps for the financial year ending 30 September 2014
“Annual Cap(s)”	for the purpose of Chapter 14A of the Listing Rules, means the maximum annual consideration of the Consignment Arrangement or the Supply Arrangement for the financial year ending 30 September 2014
“associates”	as defined in the Listing Rules
“Board”	the board of Directors
“Company”	Ming Fung Jewellery Group Limited, a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Stock Exchange (Stock Code: 860)
“Consignment Arrangement”	under which the Group shall provide the luxury jewellery products for sale on a consignment basis at the special counters of the retail outlets belong to or operated by Hengdeli. Operation expenses including rental of the special counters, salary and wages of staff, electricity and water expenses etc. will be borne by Hengdeli. The Group bears the costs of inventory and tax expenses
“Cooperation Agreement”	the agreement dated 27 September 2012 entered into between the Company and Hengdeli in relation to the Consignment Arrangement and the Supply Arrangement commenced on 27 September 2012 until 30 September 2013
“Directors”	directors of the Company
“EGM”	extraordinary general meeting of the Company to be convened to approve, among other things, the New Cooperation Agreement and the transactions contemplated thereunder and the Annual Caps and the re-election of Ms. Chu Wai Fan as an independent non-executive Director of the Company
“Greater China Region”	include PRC, Macau and Hong Kong
“Group”	the Company and its subsidiaries

## DEFINITIONS

“Hengdeli”	Hengdeli Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 3389)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a board committee comprising Ms. Chu Wai Fan, Mr. Tam Ping Kuen, Daniel and Mr. Jiang Chao, the independent non-executive Directors, and which will make recommendations to the Independent Shareholders in respect of the New Cooperation Agreement and the Annual Caps
“Independent Shareholders”	Shareholders other than Hengdeli and its associates
“Latest Practicable Date”	29 October 2013, being the latest practicable date for ascertaining information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“New Cooperation Agreement”	the agreement dated 30 September 2013 entered into between the Company and Hengdeli in relation to the Consignment Arrangement and the Supply Arrangement
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholders”	Shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Arrangement”	under which the Group shall sell to Hengdeli Gucci timepieces and accessories of an internationally renowned brand distributed by the Group as per the purchase orders placed from time to time by Hengdeli at the then wholesale prices which are a certain percentage discount from the standard retail prices for the Greater China Region as determined by the brand owner

## DEFINITIONS

“Veda Capital”	Veda Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Cooperation Agreement, including the Annual Caps
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of PRC
“%”	per cent



**MING FUNG JEWELLERY GROUP LIMITED**

**明豐珠寶集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 860)**

*Executive Directors:*

Mr. Wong Chi Ming, Jeffry (*Chairman*)

Mr. Yu Fei, Philip

*Independent Non-executive Directors:*

Ms. Chu Wai Fan

Mr. Jiang Chao

Mr. Tam Ping Kuen, Daniel

*Registered office:*

Cricket Square, Hutchins Drive

P.O. Box 2681, Grand Cayman

KY1-1111, Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

Room 1825, 18th Floor

Hutchison House

10 Harcourt Road Central

Hong Kong

31 October 2013

*To the Shareholders*

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS  
RE-ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 9 October 2013 in relation to the New Cooperation Agreement.

On 30 September 2013, the Company and Hengdeli entered into the New Cooperation Agreement in respect of the Consignment Arrangement and the Supply Arrangement.

Reference is also made to the announcement of the Company dated 18 June 2013 in relation to the appointment of Ms. Chu Wai Fan as an independent non-executive Director of the Company.

\* for identification purpose only

## LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with, among other things, (i) further information of the New Cooperation Agreement; (ii) a letter from the Independent Board Committee containing its advice and recommendations to the Independent Shareholders in respect of the New Cooperation Agreement; (iii) a letter of advice from Veda Capital to the Independent Board Committee and Independent Shareholders containing its advice in respect of the New Cooperation Agreement; (iv) the information relating to the proposed re-election of Ms. Chu Wai Fan as an independent non-executive Director of the Company; and (v) a notice of the EGM.

### **THE NEW COOPERATION AGREEMENT**

#### **Date**

30 September 2013

#### **Parties**

- (1) The Company
- (2) Hengdeli

Hengdeli and its associates hold 666,666,667 shares representing approximately 15.27% of the entire issued share capital of the Company as at the Latest Practicable Date and is a connected person (as defined under the Listing Rules) of the Company.

#### **Major Terms of the Arrangements**

- (1) Under the Consignment Arrangement, the Group shall provide the luxury jewellery products for sale on a consignment basis at the special counters of the retail outlets belong to or operated by Hengdeli.

The Group shall pay to Hengdeli the commissions calculated at 20% of the after tax sale revenue figures to be paid in cash within 10 days from the last day of each month but subject to the Annual Cap under the Consignment Arrangement.

The products under the Consignment Arrangement are expected to be, among others, (i) the luxury jewellery products provided by the Company to Hengdeli under the New Cooperation Agreement; and (ii) the jewellery bearing an Italian brand trademark.

- (2) Under the Supply Arrangement, the Group shall sell to Hengdeli timepieces and accessories of an internationally renowned brand distributed by the Group at the wholesale prices which 40% discount from the standard retail prices for the Greater China Region as from time to time determined by the brand owner.

Hengdeli shall place purchase orders to the Group from time to time and the Group shall deliver the required models and numbers of the timepieces and accessories to Hengdeli within 7 business days from the date of issuance of the respective purchase order. The Company shall issue monthly sale invoices to Hengdeli which shall be settled in cash by Hengdeli within 30 days of the date of issue of the sale invoices.

## LETTER FROM THE BOARD

For the period from 27 September 2012 to 30 September 2013, Hengdeli had distributed a total of approximately 6,689 pieces of timepieces and approximately 122 pieces of accessories at a number of pre-selected stores under the Supply Arrangement of the Cooperation Agreement and it is expected by the Group that Hengdeli will distribute similar quantity of timepieces for the period from 1 October 2013 to 30 September 2014 under the New Cooperation Agreement. The estimated average price of each timepiece and accessory to be offered by the Group to Hengdeli ranges from approximately RMB3,500 to RMB4,500 and RMB18,000 to RMB30,000 with reference to the standard retail prices of the timepieces and accessories and pursuant to the terms of the New Cooperation Agreement.

### Condition Precedent

The New Cooperation Agreement is conditional upon the approval of the Independent Shareholders at the EGM.

### Term

The New Cooperation Agreement shall take effect retrospectively on 1 October 2013 if the condition precedent becomes fulfilled, and will continue thereafter for a term expiring on 30 September 2014.

### PROPOSED ANNUAL CAPS

The Board proposes that the Annual Caps under the New Cooperation Agreement (in respect of which Independent Shareholders approval is proposed to be sought at the EGM) and the Aggregate Annual Cap for the financial year ending 30 September 2014 be as follows:

<b>Type of Transaction</b>	<b>Proposed Annual Cap for the financial year ended 30 September 2014</b>
Consignment Arrangement	RMB2,440,000.00 (approximately HK\$3,096,360.00)
Supply Arrangement	<u>RMB44,000,000.00 (approximately HK\$55,836,000.00)</u>
<b>Aggregate Annual Cap</b>	<u><b>RMB46,440,000.00 (approximately HK\$58,932,360.00)</b></u>

The respective Annual Cap of the Consignment Arrangement and the Supply Arrangement was determined by reference to the anticipated demand of the transactions and also by reference to the historical volume of the transactions under the Cooperation Agreement.

The respective annual considerations of Consignment Arrangement and Supply Arrangement for the financial year ended 30 September 2013 are approximately HK\$2,078,000 (which represents approximately 67.11% of the annual caps of the Consignment Arrangement under the Cooperation Agreement) and HK\$41,307,000 (which represents 73.98% of the annual caps of the Supply Arrangement under the Cooperation Agreement) respectively which do not exceed the respective annual caps under the Cooperation Agreement as approved by the Independent Shareholders.



## **LETTER FROM THE BOARD**

According to the interim report of Hengdeli for the six months ended 30 June 2013, Hengdeli operated a total of 462 retail outlets in Mainland China, Hong Kong, Macau and Taiwan as at 30 June 2013, representing an increase of 10 outlets over the end of the 2012. And out of 462 retail outlets, 384 of them are spanned across first to fourth tier cities in the PRC.

The Company is optimistic on the demands of mid-to-high end luxury jewellery products and watch items in the PRC in view of the increasing trend of the gross domestic products in the PRC and the disposal income of the population and that the PRC will lead Asia Pacific region to undertake the world's largest luxury consumption market.

In view of the above, the Directors (excluding the independent non-executive Directors, whose views have been set out in the letter from the Independent Board Committee) consider that the respective Annual Cap of the Consignment Arrangement and the Supply Arrangement is fair and reasonable.

Shareholders and investors should note that the Annual Caps referred to above are prepared to enable the Company to comply with the requirements of Chapter 14A of the Listing Rules. In particular, the above factors for determining the Annual Caps are based on the reasonable assumptions of the Company only, no assurance is given as to whether or not, and the extent to which, the Group will be able to achieve the demands and to generate the revenues under the Consignment Arrangement and/or the Supply Arrangement as above contemplated or estimated.

### **REASONS AND BENEFITS FOR THE TRANSACTIONS UNDER THE NEW COOPERATION AGREEMENT**

The New Cooperation Agreement represents good opportunities for the Group to strengthen its collaboration with Hengdeli continuously and make use of its extensive and quality distribution networks and its vast experiences in operating and managing retail outlets for luxury jewellery products in order to promote and distribute the products of the Group.

The New Cooperation Agreement was entered into during the ordinary and usual course of business of the Group. The Directors (excluding the independent non-executive Directors, whose views have been set out in the letter from the Independent Board Committee) are of the opinion that the terms of the New Cooperation Agreement, including the Annual Caps, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

Hengdeli and its associates hold 666,666,667 shares representing approximately 15.27% of the entire issued share capital of the Company as at the date of the Latest Practicable Date and is a connected person (as defined under the Listing Rules) of the Company. The New Cooperation Agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

## **LETTER FROM THE BOARD**

As the applicable percentage ratios for the Aggregate Annual Cap exceed 5% but less than 25% and are also greater than HK\$10,000,000 on an annual basis, the New Cooperation Agreement and the transactions contemplated thereunder and the Annual Caps are subject to reporting, announcement requirements and Independent Shareholders' approval requirements under Rule 14A.35 of the Listing Rules. Hengdeli and its associates will abstain from voting at the EGM of the Company to approve the New Cooperation Agreement and the Annual Caps and the votes of the Independent Shareholders in the EGM will be taken by poll.

None of the Directors is regarded as having a material interest in the transactions under the New Cooperation Agreement and abstained from voting in the board resolutions approving the New Cooperation Agreement, the Annual Caps and the transactions contemplated thereunder in accordance with Rule 13.44 of the Listing Rules.

### **GENERAL**

The principal activities of the Company comprise the manufacture, sale, trading, distribution, processing and retailing of jewellery products and luxury consumer goods.

Hengdeli is a major retailer and distributor of imported medium and high-grade watches and jewellery items in the PRC. It operates extensive retail outlets and boutiques of watches, jewellery items and other related accessories in various major cities in the PRC.

### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising of all the independent non-executive Directors has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the New Cooperation Agreement and the transactions contemplated thereunder, including the Annual Caps. A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the New Cooperation Agreement and the transactions contemplated thereunder, including the Annual Caps has been set out on pages 11 and 12 of the circular.

Veda Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders and a letter from Veda Capital to the Independent Board Committee and the Independent Shareholders containing its advice in respect of the New Cooperation Agreement and the transactions contemplated thereunder, including the Annual Caps has been set out in pages 13 to 23 of this circular.

### **Re-election of Ms. Chu Wai Fan as the Independent Non-executive Director**

Reference is made to the announcement dated 18 June 2013 in relation to the appointment of Ms. Chu Wai Fan as an independent non-executive Director of the Company with effect from 30 June 2013.

Pursuant to Article 112 of the Articles of Association of the Company, any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-

## LETTER FROM THE BOARD

election at that meeting. Accordingly, Ms. Chu Wai Fan, being the independent non-executive Director appointed by the Board on 23 June 2013, shall retire at the EGM and, being eligible, would offer herself for re-election at the EGM.

Details of Ms. Chu Wai Fan who is proposed to be re-elected at the EGM are set out below:

Ms. Chu Wai Fan, aged 40, is a qualified accountant and company secretary of Shenzhen Mingwah Aohan High Technology Corporation Limited (stock code 8301) and an associate member of the Hong Kong Institute of Certified Public Accounts with extensive exposure in accounting, auditing, finance and tax experiences for over 15 years. She has plenty of experience in co-operation with various accounting and finance teams with different organization background and culture and has given strong knowledge and conscious in protection to interest of corporate in business deals with outside parties.

Ms. Chu Wai Fan did not hold any directorship in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years preceding her appointment and she has not held any other major appointment and qualifications.

Pursuant to the appointment letter, the appointment of Ms. Chu Wai Fan is for a term of 3 year and thereafter may be extended for such period as the Company and Ms. Chu Wai Fan may agree in writing. Ms. Chu Wai Fan is subject to retirement by rotation and re-election at annual general meetings in accordance with the Articles of Association of the Company and she will hold office only until the next annual general meeting of the Company and then be eligible for re-election at such meeting in accordance with Article 111 of the Articles of Association of the Company. Her remuneration is fixed at HK\$100,000 per annum, which commensurates with her duties and responsibilities as an independent non-executive Director and the prevailing market situation.

Ms. Chu Wai Fan had not previously held and is not, until her appointment as an independent non-executive Director, holding any position with the Company and/or its subsidiaries. She is independent of the directors, senior management, substantial or controlling shareholders of the Company for the purpose of the Listing Rules. Ms. Chu Wai Fan does not have any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as at the date hereof.

Save as disclosed above, the Board is not aware of any other matters or information that need to be brought to the attention of Shareholders or to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to the aforesaid appointment.

### **EGM**

The notice of the EGM is set out on pages 27 and 28 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not the Shareholders are able to attend the EGM, the Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the registrar of the Company in Hong

## LETTER FROM THE BOARD

Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should the Shareholders so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions at the EGM will be voted on by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### RECOMMENDATION

The Board is of the opinion that (i) the terms of the New Cooperation Agreement and the transaction contemplated thereunder, including the Annual Caps, are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole; (ii) the re-election of Ms. Chu Wai Fan as the independent non-executive Director of the Company is in the best interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of both of the resolutions proposed at the EGM.

### ADDITIONAL INFORMATION

The attention of the Shareholders is drawn to the additional information set out in the appendices to this circular.

By order of the board  
**Ming Fung Jewellery Group Limited**  
**Wong Chi Ming, Jeffrey**  
*Chairman*



**MING FUNG JEWELLERY GROUP LIMITED**

**明豐珠寶集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 860)**

31 October 2013

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company dated 31 October 2013 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise you the terms of the New Cooperation Agreement and the transactions contemplated thereunder including the Annual Caps and whether such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Veda Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the New Cooperation Agreement were entered into on normal commercial terms; and the terms of the New Cooperation Agreement and the transactions contemplated thereunder including the Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned, whether such terms are in the interests of the Company and the Independent Shareholders as a whole. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 13 to 23 of this Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 10 of the Circular and the additional information set out in the appendix of the Circular.

\* *for identification purpose only*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

Having considered the terms of the New Cooperation Agreement and the transactions contemplated thereunder including the Annual Caps, and the advice of Veda Capital, we are of the opinion that the New Cooperation Agreement were entered into on normal commercial terms; and the terms of the New Cooperation Agreement and the transactions contemplated thereunder including the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. We therefore recommend that you vote in favour of the resolutions to be proposed at the EGM to approve the New Cooperation Agreement and the transactions contemplated thereunder including the Annual Caps.

Yours faithfully,  
For and on behalf of  
Independent Board Committee of  
**Ming Fung Jewellery Group Limited**

**Chu Wai Fan Tam Ping Kuen, Daniel Jiang Chao**  
*Independent Non-executive Directors*

## LETTER FROM VEDA CAPITAL

*The following is the full text of a letter of advice in respect of the continuing connected transactions from Veda Capital to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.*

**VEDA | CAPITAL**  
**智 略 資 本**

**Veda Capital Limited**  
Suite 3711, 37/F.,  
Tower Two, Times Square,  
1 Matheson Street, Causeway Bay,  
Hong Kong

31 October 2013

*To the Independent Board Committee and the Independent Shareholders of  
Ming Fung Jewellery Group Limited*

Dear Sirs,

### CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the continuing connected transactions, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 31 October 2013, of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

Pursuant to the Cooperation Agreement dated 27 September 2012, the Group shall provide the luxury jewellery products for sale on a consignment basis at the special counters of the retail outlets belong to or operated by Hengdeli and shall pay to Hengdeli 20% of the after tax sale revenue figures (the “**Previous Consignment Arrangement**”). Also, under the Cooperation Agreement, the Group shall sell to Hengdeli timepieces (“**Timepieces**”) and accessories (“**Accessories**”) of an internationally renowned brand (“**Timepieces and Accessories**”) distributed by the Group at the wholesale prices which are 40% discount from the standard retail prices for the Greater China Region as from time to time determined by the brand owner (the “**Previous Supply Arrangement**”). The Previous Consignment Arrangement and Previous Supply Arrangement with Hengdeli contemplated thereunder the Cooperation Agreement with annual monetary limits of RMB2,440,000 (approximately HK\$2,979,000) and RMB44,000,000 (approximately HK\$53,724,000) for the financial year ended 30 September 2013 were duly approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 5 December 2012.

In order for the Group to continue to provide the luxury jewellery products for sale on a consignment basis at the special counters of the retail outlets belong to or operated by Hengdeli and to sell Hengdeli the Timepieces and Accessories at the wholesale prices after 30 September 2013, the Company entered into the New Cooperation Agreement with Hengdeli on 30 September 2013 pursuant to which the Group shall continue to provide luxury jewellery

## LETTER FROM VEDA CAPITAL

products for consignment sales and to supply Timepieces and Accessories at wholesale prices to Hengdeli for a term of one financial year commencing from 1 October 2013 to 30 September 2014.

As at the Latest Practicable Date, Hengdeli and its associates hold 666,666,667 shares representing approximately 15.27% of the entire issued share capital of the Company. Accordingly, Hengdeli is a connected person of the Company and the transactions contemplated under the New Cooperation Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the Aggregate Annual Cap exceeds 5% but less than 25% and also greater than HK\$10,000,000 on an annual basis, the New Cooperation Agreement and the transactions contemplated thereunder and the Annual Caps are subject to reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.35 of the Listing Rules. Save for the New Cooperation Agreement, the Company has confirmed with Hengdeli that, Hengdeli and its associates do not have any other transactions with the Group that are subsisting and subject to aggregation pursuant to Rules 14A.25 and 14A.27 of the Listing Rules. Hengdeli and its associates will abstain from voting at the EGM of the Company to approve the New Cooperation Agreement and the transactions contemplated thereunder (including the Annual Caps), and the votes of the Independent Shareholders in the EGM will be taken by poll.

The Independent Board Committee, comprising all the independent non-executive Directors namely Ms. Chu Wai Fan, Mr. Tam Ping Kuen, Daniel and Mr. Jiang Chao has been established to advise the Independent Shareholders on the continuing connected transactions. We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the New Cooperation Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and whether the Annual Caps are fair and reasonable.

### **BASIS OF OUR ADVICE**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true at the time when they were made and continue to be true as at the Latest Practicable Date and should there be any material changes to our opinion after the despatch of the Circular and up to the date of the EGM, the Shareholders would be notified as soon as possible. We consider that we have taken sufficient and necessary steps i.e. to corroborate and



## LETTER FROM VEDA CAPITAL

substantiate the researches which have been used in this letter, on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 Note 2(b) of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or its subsidiaries or associated companies.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the terms of the New Cooperation Agreement and the transactions contemplated thereunder (including the Annual Caps) and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Veda Capital is to ensure that such information has been correctly extracted from the relevant sources.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In assessing the terms of the New Cooperation Agreement and the transactions contemplated thereunder (including the Annual Caps) and in giving our recommendation to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

#### **I. Background and reasons for the entering into of the New Cooperation Agreement**

##### *(i) Information of the Group*

The Group is principally engaged in (i) the export of manufactured jewellery products and writing instruments; (ii) trading of jewellery products and watches and; (iii) mining, exploration and sale of gold resources.

## LETTER FROM VEDA CAPITAL

### *(ii) Information of Hengdeli*

As set out in the Board Letter, Hengdeli is a major retailer and distributor of imported medium and high-grade watches and jewellery items in the PRC. It operates extensive retail outlets and boutiques of watches, jewellery items and other related accessories in various major cities in the PRC.

### *(iii) Reasons for entering into the New Cooperation Agreement*

The Cooperation Agreement in relation to the consignment sales of luxury jewellery products and supply of Timepieces and Accessories between the Group and Hengdeli has been taken place from 27 September 2012 to 30 September 2013. Pursuant to the announcement and circular of the Company dated 5 October 2012 and 12 November 2012 respectively, we understand that the entering into of the Cooperation Agreement represents good opportunities for the Group to strengthen its collaboration with Hengdeli and make use of its extensive and quality distribution networks and its vast experiences in operating and managing retail outlets for luxury jewellery products in order to promote and distribute the products of the Group. Also, as noted from the Board Letter, the Company considers that the entering into of the New Cooperation Agreement will allow the Group to achieve the same benefits for the period from 1 October 2013 to 30 September 2014.

According to a press release by Bain & Company on 16 May 2013 (<http://www.bain.com/about/press/press-releases/>), the leading advisor to the global luxury goods industry, it reveals that the worldwide luxury goods market revenues will grow as much as 50% faster than global gross domestic products (GDP), with an expectation of 4% to 5% percent growth in 2013 and 5% to 6% annual average through 2015, on track to break the 250 billion Euro sales by mid-decade. Despite the fact that the global demand for luxury goods has been recently slowed by a “clampdown on gift giving” in China, it is predicted by Bain & Company that the grow in 2013 for the global luxury goods market will be 4% to 5% approximately.

Focusing on the PRC luxury goods market itself, we have revealed a report conducted by Fung Business Intelligence Centre, a research centre collects and analyses market data on China’s economy, stating that if taking Greater China area as a whole, which includes Hong Kong, Macau and Taiwan, the total size of the luxury market in China has surpassed Japan and became the world’s second largest luxury goods market in 2012. In addition, according to the summary of a research report on the China luxury goods market undertook by Statista Inc. (<http://www.statista.com>), a leading statistics company on the internet, showing that the increasing affordability of luxury goods in China has resulted in the expectation that purchases are to hit 74 billion Euros by 2020 and in 2015, China is expected to account for 20% of global luxury sales.

## LETTER FROM VEDA CAPITAL

China has enjoyed great economic prosperity for the past years. According to the National Bureau of Statistics of China, with the nominal GDP increased from roughly RMB26,581 billion in 2007 to about RMB51,932.2 billion in 2012, representing a CAGR of about 14.3%. Also, GDP of the PRC rose 7.7% and 7.5% for the first and second quarter in 2013 from a year earlier, and the expected GDP growth for the country in 2013 stands at 7.5%. By 2016, the nominal GDP of China is expected to grow to about RMB81,891.5 billion representing a CAGR of about 12.1% from 2012 to 2016.

Further from the National Bureau of Statistics of China, from 2007 to 2012, per capita annual disposable income of urban households has increased from about RMB13,785.8 to about RMB24,565, representing a CAGR of about 12.2% in this period. Given the expectation on the PRC's continuous economic growth, the per capita annual disposable income of urban households is estimated to increase to about RMB40,770.7 in 2016, with a CAGR of about 13.5% from 2012 to 2016.

According to the interim report of Hengdeli for the six months ended 30 June 2013 (“**Hengdeli IR 2013**”), Hengdeli operated a total of 462 retail outlets in Mainland China, Hong Kong, Macau and Taiwan as at 30 June 2013, representing an increase of 10 outlets over the end of the 2012. And out of 462 retail outlets, 384 of them are spanned across first to fourth tier cities in the PRC.

We noted from the interim report of the Group for the six months ended 30 June 2013 (“**IR 2013**”) that in spite of the slower growth momentum of China's economy, the Group recorded a satisfactory growth in domestic sales, which was mainly driven by the successful strategic acquisitions in the past couple years and the continuous enhancement of PRC retail network. The target of the Group will continue to expand its sales outlets and consistently be on the lookout for strategic merger and acquisition opportunities in order to strengthen its distribution network and enhance relationships with international brands.

Having considered that (i) China is influential to the global luxury goods market and has already overtaken Japan as the second largest luxury market in the world; (ii) the expected growth of the PRC luxury goods market is magnificent; (iii) the per capita annual disposable income of urban households in the PRC is continuing in an upward trend; (iv) Hengdeli has numerous of retail outlets span across Asia Pacific region (in particular in the PRC); and (v) the Group's target are to strengthen its distribution network and enhance relationships with international brands, we are of the view that the entering into the New Cooperation Agreement is in the ordinary and usual course of business of the Group and are in the interests of the Company and Shareholders as a whole.

## **II. Principal terms of the New Cooperation Agreement**

The following table summarizes the major terms of the New Cooperation Agreement:

Date: 30 September 2013

Parties: (1) The Company

(2) Hengdeli

Hengdeli and its associates hold 666,666,667 shares representing approximately 15.27% of the entire issued share capital of the Company as at the Latest Practicable Date and is a connected person (as defined under the Listing Rules) of the Company.

### *Major Terms of the Arrangements*

- (1) Under the Consignment Arrangement, the Group shall provide the luxury jewellery products for sale on a consignment basis at the special counters of the retail outlets belong to or operated by Hengdeli.

The Group shall pay to Hengdeli the commissions calculated at 20% of the after tax sale revenue figures to be paid in cash within 10 days from the last day of each month but subject to the Annual Cap under the Consignment Arrangement.

The products under the Consignment Arrangement are expected to be, among others, (i) the luxury jewellery products provided by the Company to Hengdeli under the New Cooperation Agreement; and (ii) the jewellery bearing an Italian brand trademark.

- (2) Under the Supply Arrangement, the Group shall sell to Hengdeli Timepieces and Accessories distributed by the Group at the wholesale prices which 40% discount from the standard retail prices for the Greater China Region as from time to time determined by the brand owner.

Hengdeli shall place purchase orders to the Group from time to time and the Group shall deliver the required models and numbers of the Timepieces and Accessories to Hengdeli within 7 business days from the date of issuance of the respective purchase order. The Company shall issue monthly sale invoices to Hengdeli which shall be settled in cash by Hengdeli within 30 days of the date of issue of the sale invoices.

For the period from 27 September 2012 to 30 September 2013, Hengdeli had distributed a total of approximately 6,689 pieces of Timepieces and approximately 122 pieces of Accessories at a number of pre-selected stores under the Previous Supply Arrangement of the Cooperation Agreement and it is expected by the Group that Hengdeli will distribute similar quantity of Timepieces and Accessories for the period from 1 October 2013 to 30 September 2014 under the New Cooperation Agreement. The estimated average

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price of each Timepiece and Accessory to be offered by the Group to Hengdeli ranges from approximately RMB3,500 to RMB4,500 and RMB18,000 to RMB30,000 with reference to the standard retail prices of the Timepieces and Accessories and pursuant to the terms of the New Cooperation Agreement.

### *Condition Precedent*

The New Cooperation Agreement is conditional upon the approval of the Independent Shareholders at the EGM.

### *Term*

The New Cooperation Agreement shall take effect retrospectively on 1 October 2013 if the condition precedent becomes fulfilled, and will continue thereafter for a term expiring on 30 September 2014.

As advised by the Company, we understand that (i) save as the Previous Consignment Arrangement, the Group has not entered into any arrangements or agreements which are similar to the Consignment Arrangement with other retailers or distributors as at the Latest Practicable Date. We have compared the terms of the Consignment Arrangement under the New Cooperation Agreement with the Previous Consignment Arrangement and observed that the terms are identical. Given the above, we are of the view that the terms of the Consignment Arrangement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

We also observed that, the terms of the Supply Arrangement under the New Cooperation Agreement are same as the Previous Supply Arrangement. In assessing the fairness and reasonableness of the terms of the Supply Arrangement, we have obtained and reviewed the terms of the Supply Arrangement and the agreement entered into by the Group with other retailer who is the independent third parties of the Company (the “**Independent Retailers**”) in relation to the transactions similar to the Supply Arrangement. As advised by the Directors, the Group principally supplies Timepieces to the Independent Retailers and the wholesale price of the Timepieces that the Group offers is 40% discount to Hengdeli and 37.5% discount to the Independent Retailers, from the standard retail prices for the Greater China Region as from time to time determined by the brand owner of the Timepieces. We are given to understand from the Company that the scale and distribution network of Hengdeli is much greater than that of the Independent Retailers (base on the fact that Hengdeli has 384 outlets dispersed across the whole PRC). Under the Previous Supply Arrangement, period from 27 September 2012 to 30 September 2013, Hengdeli had distributed a total of approximately 6,689 pieces of Timepieces into a number of pre-selected stores and it is expected by the Group that Hengdeli will distribute similar quantity of Timepieces for the period from 1 October 2013 to 30 September 2014. In contrary, an average of approximately 603 pieces of the Timepieces were purchased by each of the Independent Retailer from the Company for the 12 months period ended 30 September 2013. Given the above, it is expected that Hengdeli would place more orders to the Group as compared with that of the Independent Retailers.

## LETTER FROM VEDA CAPITAL

Therefore, the Group offers a slightly greater discount in wholesale prices to Hengdeli as compared to the Independent Retailers. Given the above, we are of the view that the terms of the Supply Arrangement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### III. Proposed Annual Caps

As noted from the Board Letter, the Annual Caps under the New Cooperation Agreement (in respect of which Independent Shareholders approval is proposed to be sought at the EGM) and the Aggregate Annual Cap for the financial year ending 30 September 2014 be as follows:

<b>Type of Transaction</b>	<b>Proposed Annual Cap for the financial year ended 30 September 2014</b>
Consignment Arrangement	RMB2,440,000.00 (approximately HK\$3,096,360.00)
Supply Arrangement	<u>RMB44,000,000.00 (approximately HK\$55,836,000.00)</u>
<b>Aggregate Annual Cap</b>	<u><b>RMB46,440,000.00 (approximately HK\$58,932,360.00)</b></u>

The respective Annual Cap of the Consignment Arrangement and the Supply Arrangement was determined by reference to the anticipated demand of the transactions and also by reference to the historical volume of the transactions under the Cooperation Agreement.

The respective annual considerations of the Previous Consignment Arrangement and the Previous Supply Arrangement for the financial year ended 30 September 2013 are approximately HK\$2,078,000 (which represents approximately 67.11% of the annual caps of the Previous Consignment Arrangement under the Cooperation Agreement) and HK\$41,307,000 (which represents 73.98% of the annual caps of the Previous Supply Arrangement under the Cooperation Agreement) respectively which do not exceed the respective annual caps under the Cooperation Agreement as approved by the Independent Shareholders.

#### *(i) Consignment Arrangement*

As set out in the Board Letter, the Annual Cap of the Consignment Arrangement for the financial year ending 30 September 2014 is RMB2,440,000 (approximately HK\$3,096,360). The Annual Cap of the Consignment Arrangement is same as the Previous Consignment Arrangement.

We are given to understand from the Company that the consigned products under the Consignment Arrangement are expected to be the same under the Cooperation Agreement in which, amongst others, (i) the luxury jewellery products provide from the Company to Hengdeli under the Cooperation Agreement; and (ii) an Italian luxury brand jewellery.



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We have reviewed the historical transactions between the Group and Hengdeli under the Previous Consignment Arrangement, period from 27 September 2012 to 30 September 2013, provided by the Company and noted that the commission paid to Hengdeli by the Group based on the total sales for the consigned luxury jewellery products, including the Italian luxury brand jewellery, at the special counters during the period was approximately HK\$2,078,000, representing an average monthly commission of approximately HK\$173,166. The total commission given for the period from 27 September 2012 to 30 September 2013 represents approximately 67.11% of the Previous Consignment Arrangement annual cap.

As mentioned in the paragraph “*Reasons for entering into the New Cooperation Agreement*”, it is understood that the nominal GDP and the per capita annual disposable income of urban households of the PRC has enjoyed a speedily growth in the past years, and the trend is expected to continue. Given that luxury goods market is a popular area for the PRC citizens to spend on, the luxury products market in the PRC is estimated to lead the Asia Pacific region to undertake the world’s largest luxury goods market.

According to the IR 2013, it is understood that the Group aims to strengthen its distribution network and enhance relationships with international brands, and it is advised by the Company that the entering into Consignment Arrangement is an effective way to achieve the target as Hengdeli has numerous outlets spanned across the Asia Pacific region, particularly in the PRC, which helps the Group’s products to penetrate into the PRC market thoroughly.

We understand the fact that the luxury goods market is dynamic and has been changing in nature since the Group entered into the Previous Consignment Arrangement. Somehow, the principal of the Consignment Arrangement, including the annual cap of the commission payable, the consigned luxury jewellery products for sale, the commission of 20% payable to Hengdeli after tax sale revenue and the payment terms of within 10 days from the last day of each month remains the same. We also noted that although the PRC luxury goods market is expected to remain strong, the respective annual considerations under the Previous Consignment Arrangement only taken approximately 67.11% and there is still approximately 32.89% room for the commission payable to reach the cap under the Consignment Arrangement. Therefore, we consider the entering into the Consignment Arrangement under the New Cooperation Agreement is an annual renewal for the Group to continue daily business operations.

Having considered (i) the historical commissions paid by the Group to Hengdeli under the Previous Consignment Arrangement represents approximately 67.11% out of the entire annual cap; (ii) the positive growth of the nominal GDP and the urban per capita disposable income of the PRC; (iii) the PRC will lead Asia Pacific region to undertake the world’s largest luxury consumption market; and (iv) the continue of the Consignment Arrangement allows the Group to continue daily business operations and to achieve the target of expansion in exposure in the PRC (i.e. 32.89% growth for the commission payable before reaching the cap based on

## LETTER FROM VEDA CAPITAL

historical sales volume), we are of the view that the bases adopted to determine the Annual Cap of the Consignment Arrangement are fair and reasonable so far as the Independent Shareholders are concerned.

### *(ii) Supply Arrangement*

As set out in the Board Letter, the Annual Cap of the Supply Arrangement for the financial year ending 30 September 2014 is RMB44,000,000 (approximately HK\$55,836,000). The Annual Cap of the Supply Arrangement is same as the Previous Supply Arrangement.

As noted from the Board Letter and being advised by the Directors, the Annual Cap of the Supply Arrangement was determined based on (i) the historical orders placed by Hengdeli under the Previous Supply Arrangement; (ii) the anticipated demand of the Timepieces and Accessories under the Supply Arrangement; and (iii) the estimated average cost of each the Timepiece and Accessory to be paid by Hengdeli to the Group.

We have been provided by the Company the historical sales volume under the Previous Supply Arrangement between the Group and Hengdeli and noticed that the total order amount placed by Hengdeli for the period from 27 September 2012 to 30 September 2013 was approximately HK\$41,307,000, which represents 73.98% of the Previous Supply Arrangement annual cap. It is advised by the Company that the anticipated quantity of the Timepieces and Accessories that Hengdeli plans to distribute will be similar to the Previous Supply Arrangement, such that only slight variation will be foreseen in relation to the sales volume under the Supply Arrangement, subject to the price changes during the period from 1 October 2013 to 30 September 2014. This estimation in demand is also supported by Hengdeli will continue to strengthen internal management, improve the operation and expansion systems, and upgrade the quality of outlets and the brand image of all retail outlets, which is noted from Hengdeli IR 2013.

The Company has obtained information relating to the determination of the Annual Cap of the Supply Arrangement. We have reviewed the relevant information provided by the Company, i.e. the list of standard retail prices of the Timepieces and Accessories and noted the standard retail prices of the Timepieces and Accessories for the Greater China Region determined by the brand owner. The estimated average price of each Timepiece and Accessory to be offered by the Group to Hengdeli ranges from approximately RMB3,500 to RMB4,500 and RMB18,000 to RMB30,000 with reference to the standard retail prices of the Timepieces and Accessories and pursuant to the terms of the New Cooperation Agreement.

Having considered (i) the historical order on the Timepieces and Accessories placed by Hengdeli under the Previous Supply Arrangement was approximately 73.98% out of the entire annual cap (quantity of approximately 6,689 pieces of Timepieces and 122 pieces of Accessories); (ii) the estimated demand by Hengdeli and the cost per each Timepiece and Accessory; and (iii) the continual of the upgrade



## LETTER FROM VEDA CAPITAL

of outlets quality and image by Hengdeli, we are of the view that the basis adopted to determine the Annual Cap of the Supply Arrangement are fair and reasonable so far as the Independent Shareholders are concerned.

### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the New Cooperation Agreement is conducted in the ordinary and usual course of business of the Group and the terms and conditions of the New Cooperation Agreement including the Annual Caps, are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the relevant resolutions for approving the New Cooperation Agreement and the Annual Caps.

Yours faithfully,  
For and on behalf of  
**Veda Capital Limited**  
**Julisa Fong**  
*Managing Director*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accepts full responsibility, include particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Name of Director	Type of interests	Number of Issued ordinary Shares held	Number of Underlying Shares held	Total Interests	Approximate percentage of shareholding of the Company (%)
Mr. Wong Chi Ming, Jeffrey	Corporate ( <i>Notes</i> )	295,025,799	—	295,025,799	6.76

*Notes:*

- (a) The interest disclosed represents the 295,025,799 shares held by Equity Base Holdings Limited, a company incorporated in the British Virgin Islands which is wholly owned by Mr. Wong Chi Ming, Jeffrey by virtue of Section 344(3) of the SFO.
- (b) All the interests disclosed above represent long positions in the shares of the Company.
- (c) Ms. Lui Ching Han, Magda, the spouse of Mr. Wong Chi Ming, Jeffrey is deemed to be interested in these shares under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, the underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

### **4. MATERIAL ADVERSE CHANGE**

Up to the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 September 2012 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

### **5. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors and their respective associates were considered to have interests in businesses apart from the Group's businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

### **6. DIRECTORS' INTERESTS IN ASSETS OF THE GROUP**

Up to the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group since 30 September 2012 (being the date to which the latest published audited consolidated financial statements of the Group was made up).

### **7. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS**

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group.

## 8. EXPERTS AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinion or letter contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Veda Capital	Veda Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

Veda Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and/or references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, Veda Capital was not beneficially interested in the share capital of any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. In addition, Veda Capital does not have any interest, either directly or indirectly, in any assets which have been, since 30 September 2012 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 9. MISCELLANEOUS

The English version of this circular shall prevail over the Chinese text for the purpose of interpretation.

## 10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekdays other than public holidays at the principal place of business of the Company in Hong Kong from the date of this circular up to including the date of the EGM:

- (a) the New Cooperation Agreement; and
- (b) the letter from Veda Capital.



**MING FUNG JEWELLERY GROUP LIMITED**

**明豐珠寶集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 860)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Ming Fung Jewellery Group Limited (the “**Company**”) will be held at Room 1825, 18th Floor, Hutchison House, 10 Harcourt Road Central, Hong Kong at 2:30 p.m. on 29 November 2013 for the purpose of considering and, if thought fit, passing with or without amendments the following resolution which will be proposed as an ordinary resolution of the Company:

**ORDINARY RESOLUTIONS**

(1) “**THAT:**

the performance by the Group of the transactions contemplated under the agreement (the “**New Cooperation Agreement**”) dated 30 September 2013 entered into between the Company and Hengdeli (a copy of which has been produced at this Meeting and marked “A” and initialed by the chairman of this Meeting for the purpose of identification) be and is hereby approved, confirmed and ratified and that the directors of the Company be and are hereby authorised to do all such acts and things and to take such steps as they may consider necessary, desirable or expedient to give effect to or in connection with the New Cooperation Agreement or any of the transactions contemplated thereunder”

(2) “**THAT** the re-election of Ms. Chu Wai Fan as an independent non-executive Director of the Company be and is hereby confirmed.”

By order of the board  
**Ming Fung Jewellery Group Limited**  
**Wong Chi Ming, Jeffrey**  
*Chairman*

Hong Kong, 31 October 2013

\* *for identification purpose only*

## NOTICE OF EGM

*Registered Office:*

Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman  
KY1-1111, Cayman Islands

*Head office and principal place of business in Hong Kong:*

Room 1825, 18th Floor  
Hutchison House  
10 Harcourt Road Central  
Hong Kong

*Notes:*

1. A form of proxy to be used for the meeting is enclosed with the circular of the Company despatched to the shareholder of the Company on 31 October 2013.
2. Any member of the Company entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting (or at any one class meeting).
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the Hong Kong branch registrar of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the meeting at which the person named in the instrument proposes to vote. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.
6. As at the date of this notice, the Board comprises Mr. Wong Chi Ming, Jeffrey and Mr. Yu Fei, Philip as the executive Directors, and Ms. Chu Wai Fan, Mr. Jiang Chao, and Mr. Tam Ping Kuen, Daniel as the independent non-executive Directors.