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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2013 CLARIFICATION ANNOUNCEMENT

Reference is made to the 2013 annual results announcement of Ming Fung Jewellery Group Limited (the “**Company**”) dated 31 December 2013 (the “**Annual Results Announcement**”) and the annual report 2013 published on 29 January 2014. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Annual Results Announcement.

At the request of The Stock Exchange of Hong Kong Limited, the Board wishes to revise the Business Review and Prospects section as contained in the Annual Results Announcement and also the annual report 2013 to further elaborate on the details of the impairment losses on exploration and evaluation assets, intangible assets and goodwill (the “**Impairment Losses**”) of the Group so as to give the shareholders a reasonable appreciation of the Company’s annual results for the year ended 30 September 2013.

The additional information given is underlined in the revised Business Review and Prospects section as set out below:

In 2013, the luxury goods market in Mainland China experienced a significant downturn due to the restrict government spending along with the global economy volatility and turmoil. The Group’s strategic in the high-end fine jewellery market was seriously affected by all of these unfavorable factors, thus weakening the turnover and the gross profit margin for the financial year ended 30 September 2013.

The Group recorded a significant loss of HK\$817.6 million for the financial year ended 30 September 2013, which was mainly attributable to the impairment on the valuation of the mining right, exploration right, and goodwill recognized arising from the cause of the decrease in gold price and the gold reserves adopted by the independent valuer, and momentous reverse in the luxury market in Mainland China.

REASONS FOR THE IMPAIRMENT LOSSES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

For the mining right, the main reason for the impairment loss was due to the reduction in spot gold price and the projected gold price. The projected gold price ranged from RMB228 to RMB253 per gram was used for the financial year ended 30 September 2013 (2012: RMB272 to RMB529). Growth rate ranging from -9.3% to 2.9% was adopted for the financial year ended 30 September 2013 (2012: 10%). The expected mining volume is basically unchanged. Due to an applied gold price of approximately of a half of that in last year, the fair value of the mining right at 30 September 2013 assessed by the independent valuer, is significantly reduced, and led to an impairment loss of approximately HK\$231,532,000 (2012: Nil) for the year ended 30 September 2013.

For the exploration right, the valuation method was unchanged for the years ended 30 September 2012 and 30 September 2013. The major change comes from the amount of resources adopted. The independent valuer for the year under review has made reference to the technical report obtained by the Company in respect of the exploration right, and applied only the resources classified as 333 or above as the basis for calculation. The amount of reserves applied (87,730g for the financial year ended 30 September 2013) is lower than the appraisal performed for the financial year ended 30 September 2012 (15,830,000g) which was adopted by the previous independent valuer engaged by the Company for the financial year ended 30 September 2012. Together with lower actual gold price in 2013, the fair value of the exploration right at 30 September 2013 was significantly reduced, and led to an impairment loss of approximately HK\$103,978,000 (2012: Nil) for the year ended 30 September 2013.

For the goodwill allocated on the cash-generating units (“CGU”) of Mining, Export and Domestic the valuation method for these CGU was unchanged for the years ended 30 September 2012 and 30 September 2013. The impairment loss of approximately HK\$25,194,000 (2012: HK\$20,830,000) recognized for goodwill allocated on the CGU of mining was mainly due to reduction in gold price and the gold reserves adopted by the independent value. The impairment of approximately HK\$118,251,000 (2012: Nil) for the goodwill allocated on the CGU of Export, and HK\$427,747,000 (2012: Nil) for the goodwill allocated on the CGU of Domestic, were mainly due to downward revision of financial projection and a higher discount rate applied for the year under review. The growth of spending by PRC citizens in luxury product sector has slowed. In addition, the expansion of retail network for the Export and Domestic sectors was executed slower than expected in 2013. Details of the key assumptions used are set out in note 22 of the Annual Report 2013 under “Export and domestic” on page 71.

The Group reported 12.4% decrease in domestic sales, which was mainly due to the decreased demand for the Group’s fine jewellery products. The overall demand for luxury goods in China dropped seriously since the second quarter of 2013. During the year under review, the Group reported total revenue and gross profit of HK\$782.6 million and HK\$76.9 million, respectively. Domestic sales constituted 96.7% of total sales. Export sales were still dented by strained demand for jewellery products from the United States and Europe, reflecting the impact of sluggish economic performance on consumption of luxury products.

For the gold mining business, the Group cooperated with a PRC based leading professional mining institution which started to produce in the gold mines located in Chi Feng City, Inner Mongolia Autonomous Region, PRC, in September 2012. It is expected that the gold mines will start revenue contribution for the years ahead. As for the gold mines located in Chi Zhou City, Anhui Province, PRC, the group will continue to carry out such work as necessary to obtain the exploitation license.

In the year ahead, we believe the China luxury goods market will continue to be challenging and severe in the coming year. The Group will look for new opportunity to cope with existing market environment and constantly review the business strategy in a cautious manner.

By order of the Board
Ming Fung Jewellery Group Limited
Wong Chi Ming, Jeffry
Chairman

Hong Kong, 6 February 2014

As at the date hereof, the Company's executive directors are Mr. Wong Chi Ming, Jeffry and Mr. Yu Fei, Philip and independent non-executive directors are Ms. Chu Wai Fan, Mr. Tam Ping Kuen, Daniel and Mr. Jiang Chao.

* *for identification purpose only*