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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)**

- (1) PROPOSED OPEN OFFER OF 2,183,013,646 OFFER SHARES  
AT THE SUBSCRIPTION PRICE OF HK\$0.08 EACH  
ON THE BASIS OF ONE OFFER SHARE FOR  
EVERY TWO SHARES HELD ON THE RECORD DATE;  
(2) CLOSURE OF REGISTER OF MEMBERS;  
(3) CHANGE OF BOARD LOT SIZE;  
(4) UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS;  
AND  
(5) RESUMPTION OF TRADING**

Financial adviser to the Company



**Guotai Junan Capital Limited**

Underwriter of the Open Offer



**Guotai Junan Securities (Hong Kong) Limited**

### **PROPOSED OPEN OFFER**

The Board proposes to raise approximately HK\$174.6 million, before expenses, by issuing 2,183,013,646 Offer Shares at the Subscription Price of HK\$0.08 per Offer Share.

The Open Offer is only available to the Qualifying Shareholders on the basis of one (1) Offer Share for every two (2) Shares in issue and held on the Record Date and payable in full on acceptance.

\* for identification purpose only

Assuming no further issue of new Shares or repurchase of Shares on or before the Record Date, the 2,183,013,646 Offer Shares represent approximately 50.00% of the Company's issued share capital as at the date of this announcement and approximately 33.33% of the Company's issued share capital as enlarged by the issue of the Offer Shares.

The Record Date is Tuesday, 18 March 2014. The last day of dealings in the Shares on cum-entitlement basis is Monday, 10 March 2014. The Shares will be dealt in on ex-entitlement basis from Tuesday, 11 March 2014. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date, and be a Qualifying Shareholder.

### **CHANGE OF BOARD LOT SIZE**

The Board proposes to change the board lot size for trading of the Shares from 10,000 Shares to 30,000 Shares with effect from Friday, 11 April 2014.

No new share certificates for existing Shareholders will be issued as a result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 10,000 Shares to new share certificates in board lot size of 30,000 Shares is necessary.

### **WARNING OF THE RISKS OF DEALING IN SHARES**

**The Open Offer is conditional upon, inter alia, the fulfillment of the Conditions Precedent set out under the paragraph headed "Conditions of the Open Offer" in this announcement. Therefore, the Open Offer may or may not proceed. Any dealings in the Shares from the date of this announcement up to the date on which all the Conditions Precedent are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealings in the Shares are recommended to consult their own professional advisers. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares.**

### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on Wednesday, 26 February 2014, pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:00 a.m. on Thursday, 27 February 2014.

## PROPOSED OPEN OFFER

On 25 February 2014, (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement in respect of the proposed Open Offer.

The terms of the Open Offer are set out below:

### Issue Statistics

Basis of the Open Offer	:	One (1) Offer Share for every Two (2) existing Shares held on the Record Date
Number of Shares in issue as at the date of this announcement	:	4,366,027,293 Shares
Number of Offer Shares	:	2,183,013,646 Offer Shares (assuming no further issue of new Shares on or before the Record Date) ( <i>Note</i> )
Subscription Price	:	HK\$0.08 per Offer Share with nominal value of HK\$0.01 each
Underwriter	:	Guotai Junan Securities (Hong Kong) Limited
Enlarged issued share capital of the Company upon completion of the Open Offer	:	6,549,040,939 Shares
Funds raised before expenses	:	Approximately HK\$174.6 million

### *Note:*

As at the date of this announcement, the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares. Assuming no further issue of new Shares or repurchase of Shares on or before the Record Date, the 2,183,013,646 Offer Shares represent approximately 50.00% of the Company's issued share capital as at the date of this announcement and approximately 33.33% of the Company's issued share capital as enlarged by the issue of the Offer Shares.

The Open Offer is not subject to any Shareholders' approval and the Offer Shares are not issued under the general mandate granted to the Directors.

### **Basis of Assured Allotment**

The basis of the assured allotment shall be one (1) Offer Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price. Application for all or any part of a Qualifying Shareholder's assured allotment should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for.

### **Status of the Offer Shares**

The Offer Shares, when allotted, issued and fully paid, shall rank pari passu in all respects with the then existing Shares in issue on the date of allotment of the Offer Shares, including the right to receive all dividends and distributions which may be declared, made or paid on or after such date.

### **Share Certificates and Refund Cheques for the Offer Shares**

Subject to the fulfillment of the conditions precedent as set out in the section headed "Conditions of the Open Offer" in this announcement, share certificates for all fully-paid Offer Shares are expected to be posted on or before Thursday, 10 April 2014 by ordinary mail to the Qualifying Shareholders who have validly accepted and applied for (where appropriate), and paid for the Offer Shares by 4:00 p.m. on Wednesday, 2 April 2014 at their own risk. If the Open Offer is terminated, refund cheques will be despatched on or before Thursday, 10 April 2014 by ordinary post at the respective Shareholders' own risk.

### **Qualifying Shareholders**

The Company will send the Prospectus Documents to the Qualifying Shareholders only and the Company will send the Prospectus to the Non-Qualifying Shareholders for information only.

To qualify for the Open Offer, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date;
2. be a Qualifying Shareholder.

The last day of dealings in the Shares on the Stock Exchange on a cum-entitlement basis will be Monday, 10 March 2014. The Shares will be dealt in on an ex-entitlement basis on the Stock Exchange from Tuesday, 11 March 2014.

In order to be registered as members of the Company at the close of business on the Record Date, owners of Shares must lodge any transfer of Shares (together with the relevant share certificates) with the Company's Hong Kong branch share register and transfer office, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 12 March 2014.

The invitation to apply for the Offer Shares will not be transferable.

### **Closure of Register of Members**

The register of members of the Company will be closed from Thursday, 13 March 2014 to Tuesday, 18 March 2014, both dates inclusive, for the purpose of ascertaining entitlements to the Open Offer. No transfer of Shares will be registered during this period.

### **Overseas Shareholders and Non-Qualifying Shareholders**

If at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside of Hong Kong, that Shareholder may not be eligible to take part in the Open Offer. The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than in Hong Kong.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Directors will make enquiries as to whether the issue of Offer Shares to the Overseas Shareholder(s) may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange.

If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to such Overseas Shareholder(s), the Open Offer will not be extended to such Overseas Shareholders. The results of enquiries and the basis of any exclusion of the Overseas Shareholders will be included in the Prospectus. If they are excluded, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send any Application Forms to the Non-Qualifying Shareholders.

The Offer Shares to which the Non-Qualifying Shareholders would have been entitled will be underwritten and taken up by the Underwriter.

Beneficial owners with their Shares held by a nominee (or which are held in CCASS) should note that the Board will regard such nominee (including HKSCC) as a single Shareholder according to the register of members of the Company. Beneficial owners with their Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange registration of their Shares in their own names prior to the relevant book closure period. Beneficial owners whose Shares are held by a nominee (or which are held in CCASS) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar by 4:30 p.m. on Wednesday, 12 March 2014. Beneficial owners should consult their professional advisers if they are in any doubt as to whether they should register their shareholding in their own names.

**Those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Open Offer.**

#### **No application for excess Offer Shares**

No application for excess Offer Shares will be available to any Qualifying Shareholders to apply for any Offer Share in excess of their respective assured entitlements since each Qualifying Shareholder will be given equal and fair opportunities to participate in the Company's future development by subscribing for his/her/its assured entitlements under the Open Offer and if an application for excess Offer Shares is arranged, the Company would be required to put in additional efforts and costs to administer the excess application procedures, which is not cost-effective.

Any Offer Shares not taken up by Qualifying Shareholders, any Offer Shares created by aggregation of fractional Offer Shares and any Offer Shares which the Non-Qualifying Shareholders would otherwise have been entitled (if any) will be taken up by the Underwriter.

No odd-lot matching services will be provided by the Company in respect of the Open Offer. Having considered (i) the fairness, practicality and cost factors in connection with the provision of odd-lot matching service to the Shareholders; (ii) the need to treat Shareholders fairly and on a uniform basis without selective action or preference for any particular Shareholders; (iii) those Qualifying Shareholders who choose to accept their respective assured entitlements under the Open Offer in full can maintain their respective existing

shareholdings in the Company after the Open Offer; and (iv) the Open Offer already assures the Qualifying Shareholders who are optimistic about the future development of the Company to an entitlement to Offer Shares in proportion to their respective existing shareholdings, the Directors consider that the absence of excess application and odd-lot matching arrangements is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Fractions of the Offer Shares**

Fractional entitlements to the Offer Shares will not be issued to the Qualifying Shareholders but will be aggregated and taken up by the Underwriter. The Company will not allot any fractions of the Offer Shares.

### **Subscription price**

The Subscription Price for the Offer Shares is HK\$0.08 per Offer Share, payable in full upon acceptance of the relevant assured allotment under the Open Offer. The Subscription Price represents:

- (a) a discount of approximately 57.9% to the closing price of HK\$0.19 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 47.8% to the average closing price of approximately HK\$0.1532 per Share for the five consecutive trading days ended on the Last Trading Day; and
- (c) a discount of approximately 47.7% to the theoretical ex-entitlement price of approximately HK\$0.153 per Share based on the closing price of HK\$0.19 per Share as quoted on the Stock Exchange on the Last Trading Day.

Based on the Subscription Price of HK\$0.08 and assuming no change in the Shareholding structure of the Company from the date of this announcement to immediately after completion of the Open Offer, the gross proceeds to be raised by the Company from the Open Offer will amount to approximately HK\$174.6 million (before expenses). The net proceeds to be raised by the Company from the Open Offer will amount to approximately HK\$172.2 million (after expenses). The net price raised per Offer Share is estimated at approximately HK\$0.079.

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to the prevailing market price of the Shares and financial position of the Company. As the Offer Shares are offered to all Qualifying Shareholders, the Directors wish to set the Subscription Price at a level that will attract Qualifying Shareholders to participate in the Open Offer. Each Qualifying Shareholder is entitled to

subscribe for Offer Shares at the same price in proportion to his/her/its shareholding in the Company on the Record Date. The Directors (including the independent non-executive Directors) consider that the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares will be subject to the payment of stamp duty, Stock Exchange trading fee and any other applicable fees and charges in Hong Kong.

None of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **CONDITIONS OF THE OPEN OFFER**

The Open Offer is subject to the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms. In addition, the Open Offer is conditional upon the following conditions precedent being fulfilled:

- (a) the delivery to the Stock Exchange and the Registrar of Companies one copy of the Prospectus Documents each duly signed by two directors of the Company (or by their authorised agents) in accordance with the relevant requirements under section 342C of the Companies Ordinance and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders;



- (c) the Listing Division of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares on their fully paid forms;
- (d) compliance by the Company with its obligations in connection with the making of the Open Offer and allotment and offer of the Offer Shares by the times specified in the Underwriting Agreement;
- (e) (i) the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than three trading days (other than pending publications of announcements, circulars or the Prospectus in respect of the Open Offer); and (ii) no indication being received before 4:00 p.m. on the Settlement Date from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) (other than pending publications of announcements in respect of the Open Offer); and
- (f) by the Latest Time for Termination, (i) no material breach of any of the warranties or the undertakings referred to in the Underwriting Agreement having come to the knowledge of the Underwriter; and (ii) a matter not having arisen which would reasonably be expected to give rise to a material breach or a material claim.

In the event that any of the conditions has not been satisfied and/or waived (where applicable) in whole or in part by the Underwriter pursuant to the terms of the Underwriting Agreement and being no later than 4:00 p.m. on the Settlement Date, all obligations and liabilities of the parties to the Underwriting Agreement shall cease and determine and no party thereto shall have any claim against the other parties save for any antecedent breach of the Underwriting Agreement.

If the Underwriting Agreement is terminated, the Open Offer will not proceed.

## **THE UNDERWRITING AGREEMENT**

Date 25 February 2014

Underwriter Guotai Junan Securities (Hong Kong) Limited, to the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Underwriter and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons

Total number of Offer Shares being underwritten by the Underwriter	The Underwriter has conditionally agreed pursuant to the Underwriting Agreement to underwrite the Offer Shares not subscribed by the Qualifying Shareholders on a fully underwritten basis, 2,183,013,646 Offer Shares, subject to the terms and conditions of the Underwriting Agreement
Commission	1.0% of the aggregate Subscription Price of the Underwritten Shares as determined on the Record Date

The commission rate was determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Company, the size of the Open Offer, and the current and expected market conditions. The Board considers the terms of the Underwriting Agreement including the commission rate are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter, its ultimate beneficial owners and their respective associates are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

The Open Offer will be fully underwritten by the Underwriter. Any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement. Upon completion of the Open Offer in accordance with the terms of the Underwriting Agreement, the public float requirement under the Listing Rules will be complied with.

## **TERMINATION AND RESCISSION OF THE UNDERWRITING AGREEMENT**

The Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing, to terminate its obligations thereunder on the occurrence of certain events. If, prior to the Latest Time for Termination (i.e. Monday, 7 April 2014 pursuant to the expected timetable),

- (1) any material breach of any warranties or the undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter, or there has been a material breach on the part of the Company of any other provision of the Underwriting Agreement or any matter has arisen which

would reasonably be expected to give rise to such a material breach or material claim in respect of the warranties or undertakings contained in the Underwriting Agreement; or

- (2) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer after the signing of the Underwriting Agreement; or
- (3) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of the Underwriting Agreement or continuing after the signing of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (4) any materially adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of the Group as a whole which is material in the context of the Open Offer; or
- (5) any event or circumstances in the nature of force majeure including but without limitation any act of God, war, riot, public disorder, civil commotion, fire, flood, terrorism or strike occurred after the signing of the Underwriting Agreement in or affecting Hong Kong, the People's Republic of China or other jurisdiction relevant to the Group or any member of the Group which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (6) the commencement by any third party of any litigation or claim against any member of the Group after the signing of the Underwriting Agreement which is or might be material to the Group taken as a whole; or
- (7) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Share generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (8) there is any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in

securities, imposition of economic sanctions, on Hong Kong, the People's Republic of China or other jurisdiction relevant to the Group or any member of the Group); or

- (9) any statement contained in the Prospectus has become and been discovered to be untrue, incorrect, incomplete or misleading in any material aspect, or matters have arisen or have been discovered which would, if the Prospectus was to be issued at the time, constitute a material omission therefrom,

the effect of which events and circumstances individually or in aggregate (in the reasonable opinion of the Underwriter after consultation with the Company): (i) is or would be reasonably likely to be materially adverse to, or prejudicially affects or would be reasonably likely to prejudicially affect or would be reasonably likely to prejudicially affect, the Group as a whole or the Open Offer; or (ii) makes it inadvisable or inexpedient to proceed with the Open Offer, the Underwriter shall be entitled, by notice in writing to the Company served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Upon giving of notice of termination or rescission pursuant to the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and save as provided on the Underwriting Agreement, the obligations of the parties to the Underwriting Agreement shall terminate forthwith provided that the Company shall remain liable to pay to the Underwriter such fees and expenses (but not the underwriting commission) referred to in the Underwriting Agreement. If the Underwriter exercises such right, the Open Offer will not proceed.

## **CHANGE IN BOARD LOT SIZE**

The Shares are currently traded in board lots of 10,000 Shares each and the market value of each board lot is HK\$1,900 (based on the closing price of HK\$0.19 per Share as quoted on the Stock Exchange on the Last Trading Date). In order to increase the value of each board lot of the Shares so that the value of each board lot of the Shares will not be less than HK\$2,000, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes to change the board lot size for trading of the Shares from 10,000 Shares to 30,000 Shares with effect from Friday, 11 April 2014. Based on the theoretical ex-entitlement price of the Shares of HK\$0.153 with reference to the closing price on the Last Trading Date, the new estimated board lot value would be approximately HK\$4,590. The change in board lot size will not result in any change the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and its Shareholders as a whole.

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company has appointed Guotai Junan Securities (Hong Kong) Limited as an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from Friday, 11 April 2014 to Wednesday, 7 May 2014 (both days inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker contact Mr. Simon Lou of Guotai Junan at 27/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong (telephone: (852) 2509 7519 during such period. Holders of the Shares in odd lots should note that successful matching of the sale purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

All existing share certificates in board lot of 10,000 Shares will continue to be evidence of entitlement to the Shares and be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 10,000 Shares to new share certificates in board lot size of 30,000 Shares is necessary. With effect from Friday, 11 April 2014 any new certificate of the Shares will be issued in new board lot size of 30,000 shares (except for odd lots or where the Shareholder(s) otherwise instruct(s)). Save and except for the change in the number of Shares for each board lot, new certificates of Shares will have the same format and colour as the existing certificates of Shares.

**EXPECTED TIMETABLE**

The expected timetable for the Open Offer set out below is indicative only and it has been prepared on the assumption that all the Conditions Precedent will be fulfilled. The expected timetable for the Open Offer is set out below:

**2014**  
**(Hong Kong time)**

Last day of dealing in Shares on cum-entitlement  
basis of the Open Offer . . . . . Monday, 10 March

Ex-date (the first day of dealings in Shares on  
ex-entitlement basis of the Open Offer) . . . . . Tuesday, 11 March

Latest time for lodging transfers of shares in order to qualify for the Open Offer . . . . .	4:30 p.m. on Wednesday, 12 March
Register of members closes (both days inclusive) . . . .	Thursday, 13 March to Tuesday, 18 March
Record Date . . . . .	Tuesday, 18 March
Register of members of the Company re-opens . . . . .	Wednesday, 19 March
Despatch of the Prospectus Documents . . . . .	Wednesday, 19 March
Latest time for Acceptance and payment for the Offer Shares . . . . .	4:00 p.m. on Wednesday, 2 April
Latest time for Termination of the Underwriting Agreement by the Underwriter . . . . .	Monday, 7 April
Announcement of the results of the Open Offer . . . . .	Wednesday, 9 April
Despatch of refund cheques if the Open Offer is terminated . . . . .	Thursday, 10 April
Despatch of share certificates for Offer Shares . . . . .	Thursday, 10 April
Expected first day of dealing in Offer Shares on the Stock Exchange . . . . .	Friday, 11 April
Effective date of change of the board lot size from 10,000 Shares to 30,000 Shares . . . . .	Friday, 11 April
Designated broker starts to stand in the market to provide matching services . . . . .	Friday, 11 April
Last day for the designated broker to stand in the market to provide matching services . . . . .	Wednesday, 7 May

**EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE**

The Latest Time for Acceptance will be postponed if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning

in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 2 April 2014. Instead, the Latest Time for Acceptance will be rescheduled to 12:00 noon on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 12:00 noon. If the Latest Time for Acceptance is postponed in accordance with the foregoing, the dates mentioned in the section headed “Expected Timetable” in this announcement may be affected. An announcement will be made by the Company in such event accordingly.

## **WARNING OF THE RISKS OF DEALING IN SHARES**

**The Open Offer is conditional upon, inter alia, the fulfillment of the Conditions Precedent set out under the paragraph headed “Conditions of the Open Offer” in this announcement. Therefore, the Open Offer may or may not proceed. Any dealings in the Shares from the date of this announcement up to the date on which all the Conditions Precedent are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealings in the Shares are recommended to consult their own professional advisers. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares.**

## SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company assuming that there is no change in the shareholding structure of the Company from the date of this announcement to immediately after completion of the Open Offer:

	As at the date of this announcement		Immediately after completion of Open Offer assuming all Qualifying Shareholders take up their respective entitlements under the Open Offer		The Underwriter takes up all the Offer Shares in accordance with its underwriting commitment under the Underwriting Agreement	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
<i>Director</i>						
Mr. Wong Chi Ming, Jeffry ( <i>Note 1</i> )	295,025,799	6.76	442,538,698	6.76	295,025,799	4.50
<i>Substantial Shareholders</i>						
Hengdeli Holdings Limited ( <i>Note 2</i> )	666,666,667	15.27	1,000,000,000	15.27	666,666,667	10.18
Underwriter and Sub-underwriters ( <i>Note 3</i> )	—	—	—	—	2,183,013,646	33.34
Public Shareholders	<u>3,404,334,827</u>	<u>77.97</u>	<u>5,106,502,241</u>	<u>77.97</u>	<u>3,404,334,827</u>	<u>51.98</u>
Total	<u>4,366,027,293</u>	<u>100</u>	<u>6,549,040,939</u>	<u>100</u>	<u>6,549,040,939</u>	<u>100</u>

### Notes:

1. 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, Jeffry by virtue Section 334(3) of the SFO. Ms. Liu Ching Han, Magda, the spouse of Mr. Wong Chi Ming, Jeffry is deemed to be interested in these shares under the SFO. All the interests disclosed above represent long positions in the shares of the Company.
2. Alpha Key Investments Limited is a controlled corporation of Hengdeli Holdings Limited which is deemed to be interested in the same parcel of shares. All the interests disclosed above represent long positions in the shares of the Company.
3. This scenario is for illustration purpose only. The Underwriter shall not subscribe, for its own account, for such number of untaken Shares which will result in the shareholding of its and parties acting in concert with it (within the meaning of the Takeover Code) in the Company to own 30% or more of the voting rights of the Company upon completion of the Open Offer; and pursuant to the Underwriting Agreement, the Underwriter shall use its best endeavours to ensure that (i) each of the Sub-Underwriters and independent placees and/or subscribers procured by any of them shall be third party independent placees and/or subscribers procured by any of them shall be third party independent of, not acting in concert (within the meaning of the



Takeovers Code) with and not connected with the Directors of the Company or substantial shareholders or their respective associates; and (ii) save for the Underwriter itself and its associates, each of the independent placees procured by the Sub-Underwriters shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with them, hold 10% or more of the voting rights of the Company upon completion of the Open Offer.

## **REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS**

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.

Based on the Subscription Price of HK\$0.08 and assuming no change in the Shareholding structure of the Company from the date of this announcement to immediately after completion of the Open Offer, the gross proceeds to be raised by the Company from the Open Offer will amount to approximately HK\$174.6 million (before expenses). The net proceeds to be raised by the Company from the Open Offer will amount to approximately HK\$172.2 million (after expenses). The Group intends to apply the net proceeds from the Open Offer for general working capital of the Group to enhance financial position for the development of its jewellery trading business and product portfolio and the future investments opportunities of the Group if suitable activities identify.

The Board considers that it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity. The Board also believes that the Open Offer will enable the Group to strengthen its capital base and to enhance its financial position. The Open Offer will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group. Accordingly, the Board considers that fund raising through the Open Offer is in the interests of the Company and the Shareholders as a whole.

## **FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS**

There has not been any fund raising exercise conducted by the Company in the past 12 months immediately preceding the date of this announcement.

## **GENERAL**

The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Prospectus will be despatched to the Non-Qualifying Shareholders for information only and no Application Form will be sent to them.

## **UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS**

This announcement is made by the Company pursuant to Rule 13.09 and 13.10 of the Listing Rules and Inside Information Provisions under Part XIVA of the SFO and at the request of the Stock Exchange.

The Board of the Company has noted the increase in the price and trading volume of the Shares on 25 February 2014. Having made such enquiry with respect to the Company as is reasonable in the circumstances, we confirm that we are not aware of any reasons for these price and trading volume movements or, apart from the Open Offer and the signing of the Underwriting Agreement, of any information which must be announced to avoid a false market in the Company's securities, or of any inside information that needs to be disclosed under Part XIVA of the SFO.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on Wednesday, 26 February 2014, pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:00 a.m. on Thursday, 27 February 2014.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associate(s)”	the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday and Sunday) on which banks are generally open for business more than five hours in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Ming Fung Jewellery Company Limited, an company incorporated in the Cayman Islands with limited liability, the Shares are listed on the main board of the Stock Exchange (stock code: 860)
“connected person(s)”	the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“Last Trading Day”	25 February 2014, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on 2 April 2014 (or such other date as the Underwriter may agree with the Company as the latest date for acceptance of, and payment for, Offer Shares)
“Latest Time for Termination”	4:00 p.m. on the third Business Day after (but excluding) the Latest Time for Acceptance
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal advice provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Open Offer to such shareholders on account either of legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s)
“Offer Share(s)”	Share(s) to be issued and allotted under the Open Offer, being not more than 2,183,013,646 Shares
“Open Offer”	the proposed issue by way of an open offer, subject to the fulfillment of certain conditions precedent, of 2,183,013,646 Offer Shares for subscription by the Qualifying Shareholders on the basis of one (1) Offer Share for every two (2) existing Shares held by a Qualifying Shareholder on the Record Date for the Offer Shares at the Subscription Price payable in full on application and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“Posting Date”	19 March 2014 or such other date as the Underwriter may agree with the Company, as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only to the Non-Qualifying Shareholders (as the case may be)
“Prospectus”	the prospectus to be despatched to Shareholders containing details of the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form

“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	18 March 2014 (or such other date as the Underwriter may agree with the Company), as the date by reference to which entitlements to the Open Offer are expected to be determined
“Registrar”	Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Settlement Date”	Monday, 7 April 2014, being the third Business Day following (but excluded) the Latest Time for Acceptance (or such other time or date as the Underwriter and the Company may agree in writing) as the date for settlement of the Open Offer
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued and unissued capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.08 per Offer Share
“Substantial Shareholder”	means a person (including a holder of depositary receipts) who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company
“Sub-Underwriter(s)”	the sub-underwriter(s) who has agreed to act as a sub-underwriter in relation to the Offer Shares pursuant to the sub-underwriting agreement with the Underwriter
“Underwriter”	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 25 February 2014 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer

“Underwritten Shares” 2,183,013,646 Offer Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement

“%” or “per cent.” percentage or per centum

On behalf of the Board  
**Ming Fung Jewellery Group Limited**  
**Wong Chi Ming, Jeffry**  
*Chairman*

Hong Kong, 26 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.*

*The Directors jointly and severally accept full responsibility for accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*