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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)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF A SUBSIDIARY**

The Board announces that on 26 June 2014 after trading hours, the Vendor, a company indirectly owned as to 90% by the Company as vendor entered into the Agreement with the Purchaser as purchaser pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Equity Interest at a consideration of RMB20,000,000 (equivalent to approximately HK\$25,000,000) which shall be satisfied by the Purchaser in cash at Completion.

#### **LISTING RULES IMPLICATIONS**

As the Disposal exceeds 5% but does not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

#### **THE DISPOSAL**

The Board announces that on 26 June 2014 after trading hours, the Vendor, a company indirectly owned as to 90% by the Company as vendor entered into the Agreement with the Purchaser as purchaser pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Equity Interest at a consideration of RMB20,000,000 (equivalent to approximately HK\$25,000,000) which shall be satisfied by in cash at Completion.

\* *For identification purpose only*

## **THE AGREEMENT**

### **Date**

26 June 2014

### **Parties**

Vendor : the Vendor

Purchaser : the Purchaser

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of, and not connected to, the Company and its connected persons (as defined in the Listing Rules).

### **Assets to be disposed of**

Under the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire the Equity Interest representing the entire equity interest of the Target Company.

As at the date of this announcement, the Target Company does not owe any shareholders' loan to the Group.

### **Consideration and Payment Term**

Pursuant to the Agreement, the consideration for the Disposal in the sum of RMB20,000,000 (equivalent to approximately HK\$25,000,000) shall be satisfied in cash by the Purchaser to the Vendor at Completion.

The consideration for the Disposal was determined after arm's length negotiation between the Vendor and the Purchaser having regard to the net asset value of the Target Company.

The Directors consider that the consideration for the Disposal was fair and reasonable and in the interest of the Group and the Shareholders as a whole.

### **Completion**

Completion shall take place on the Completion Date.

Pursuant to the Agreement, if the Completion of the Disposal does not take place due to the default of any party to the Agreement, the non-defaulting party shall be entitled to claim liquidated damages from the defaulting party in the sum that represents 20% of the consideration for the Disposal.

The Agreement is governed by the PRC laws.

Upon Completion, the Company shall retain no interests in the Target Company and the Target Company shall cease to be the subsidiary of the Company.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a limited liability company incorporated under the laws of the PRC on 12 February 2009 with a registered capital of RMB10,000,000. It is principally engaged in the retails of watches in Shenyang, the PRC.

As at the date of this announcement, the Target Company is wholly-owned by the Vendor.

Set out below is the financial information of the Target Company for the two financial years ended 31 December 2012 and 31 December 2013:

	<b>For the year ended 31 December 2012 RMB (Audited)</b>	<b>For the year ended 31 December 2013 RMB (Unaudited)</b>
Profit/(loss) before taxation	2,800,503	(1,250,289)
Profit/(loss) after taxation	2,100,377	(2,810,707)

As at 31 December 2013, the audited net asset value of the Target Company was approximately RMB39,469,000.

## **FINANCIAL EFFECT OF THE DISPOSAL**

On the basis of the net assets of the Target Company as at 31 March 2014, it is estimated that, as a result of the Disposal, the Group will recognise a net loss of approximately HK\$25,700,000 after taking into account the estimated expenses and taxation in relation to the Disposal.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

As the Company does not record any net profit in the financial year ended 30 September 2013, the Directors consider that the Company shall review its existing business in order to improve its financial position and profitability. The Company shall focus on the distribution business of the Group.

The terms of the Agreement were arrived at after arm's length negotiation between the parties and the Directors consider that the terms of the Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE COMPANY AND THE PARTIES IN THE TRANSACTIONS**

The principal activities of the Company comprise the manufacture, sale, trading, distribution, processing and retailing of jewellery products in the PRC.

The principal activities of the Vendor comprise the retail and wholesale of watches.

The principal business activity of the Purchaser is investment holding.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the Disposal exceeds 5% but does not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

## **DEFINITIONS**

The following defined terms are used in this announcement:

“Agreement”	the sale and purchase agreement dated 26 June, 2014 made between the Vendor and the Purchaser relating to the sale and purchase of the Equity Interest
“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)

“Completion”	within 5 days from the date of completion of the commercial registration procedures in relation to the Disposal at the relevant industrial and commercial authority in the PRC for which the Purchaser shall become the sole owner of the Target Company
“Completion Date”	the date of Completion
“Directors”	directors of the Company
“Disposal”	the disposal of the Equity Interest by the Vendor pursuant to the Agreement
“Equity Interest”	the entire equity interest of the Target Company which is owned by the Vendor as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	遼寧寶瑞行投資有限公司 (in English, Liaoning Baorui Xing Investment Company Limited, for identification purpose only), a limited liability company incorporated under the laws of the PRC
“PRC”	the People’s Republic of China
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	遼寧時全飾美投資管理有限公司 (in English, Liaoning Shi Quan Shi Mei Investment Management Company Limited, for identification purpose only), a limited liability company incorporated in the PRC and is wholly-owned by the Vendor as at the date of this announcement

“Vendor”	Shenzhen Qijingda Trade Co. Ltd (深圳市琪晶達貿易有限公司) a limited liability company incorporated in the PRC and is indirectly owned as to 90% by the Company as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of PRC
“%”	per cent

For the purpose of this announcement, the exchange rate at HK\$1.00 = RMB0.80 has been used, where applicable, for purpose of illustration only.

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

Hong Kong, 30 June 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.*