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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)

**(1) CONTINUING CONNECTED TRANSACTIONS
(2) PROPOSED SHARE CONSOLIDATION
AND CHANGE IN BOARD LOT SIZE
AND
(3) 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 5 September 2014 at Room 1825, 18th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong at 11:00 a.m. is set out on pages 26 to 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 Level 22, Hopewell Centre, 183 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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EXPECTED TIMETABLE

EXPECTED TIMETABLE FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

The expected timetable of the proposed Share Consolidation and the Change in Board Lot Size is as follows:

2014

Despatch date of circular with notice of the EGM	on or before Wednesday, 13 August
Latest time for lodging forms of proxy for the EGM	11:00 a.m. on Wednesday, 3 September
Date and time of the EGM.....	11:00 a.m. on Friday, 5 September
Announcement of the voting results of the EGM	Friday, 5 September
Effective date of the Share Consolidation.....	Monday, 8 September
First day of free exchange of existing share certificates (in red) for new share certificates (in green) for Consolidated Shares.....	Monday, 8 September
Dealing in Consolidated Shares commences.....	9:00 a.m. on Monday, 8 September
Original counter for trading in existing shares in board lots of 30,000 temporarily closes	9:00 a.m. on Monday, 8 September
Temporary counter for trading in Consolidated Shares in board lots of 3,000 (in the form of existing share certificates (in red)) opens	9:00 a.m. on Monday, 8 September
Original counter for trading in Consolidated Shares in board lots of 3,000 (in the form of new share certificates (in green) for Consolidated Shares) re-opens.....	9:00 a.m. on Tuesday, 23 September
Parallel trading in the Consolidated Shares in the forms of new share certificates (in green) and existing share certificates (in red) commences.....	9:00 a.m. on Tuesday, 23 September
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Tuesday, 23 September
Temporary counter for trading Consolidated Shares in board lots of 3,000 (in the form of existing share certificates (in red)) closes	4:00 p.m. on Wednesday, 15 October

EXPECTED TIMETABLE

2014

Parallel trading in the Consolidated Shares
in the forms of existing share certificates (in red) and
the new share certificates (in green) ends 4:00 p.m. on Wednesday, 15 October

Designated broker ceases to stand in the market
to provide matching services for odd lots
of the Consolidated Shares..... 4:00 p.m. on Wednesday, 15 October

Last day for free exchange of existing share
certificates (in red) for new share certificates (in green) for the
Consolidated Shares Monday, 20 October

All times and dates in this circular refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above depend on the results of the EGM and are therefore for indicative purpose only. Any changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

DEFINITIONS

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

“Annual Cap”	for the purpose of Chapter 14A of the Listing Rules, means the maximum annual consideration of the transactions contemplated under the New Cooperation Agreement for the financial year ending 30 September 2015
“associates”	as defined in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any date on which the Stock Exchange is open for business of dealing in securities
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 30,000 Existing Shares to 3,000 Consolidated Shares
“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)
“Consolidated Shares”	Share(s) of HK\$0.10 each in the share capital of the Company after the Share Consolidation becoming effective
“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 between the parties of the luxury jewellery products, timepieces and accessories of the Group as detailed in the announcement and the circular of the Company dated 9 October 2013 and 31 October 2013
“Directors”	directors of the Company
“EGM”	extraordinary general meeting of the Company to be convened to approve, among other things, (i) the New Cooperation Agreement and the transactions contemplated thereunder and the Annual Cap; and (ii) the proposed Share Consolidation
“Existing Share(s)”	Share(s) of HK\$0.01 each in the share capital of the Company as at the Latest Practicable Date
“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 Cap
“Independent Shareholders”	Shareholders other than Hengdeli and its associates
“Latest Practicable Date”	11 August 2014, 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 22 July 2014 entered into between the Company and Hengdeli in relation to the supply of the timepieces by the Group to Hengdeli as per the terms of the New Cooperation Agreement for the period from 1 October 2014 to 30 September 2015
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	the Existing Share(s) or the Consolidated Shares, as the case may be
“Share Consolidation”	the proposed consolidation of every 10 issued and unissued Shares of the Company into one Consolidated Share in the issued and unissued share capital of the Company
“Shareholders”	Shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Veda Capital”	Veda Capital Limited, a licensed corporation under the SFO which engages in type 6 (advising on corporate finance) regulated activities 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 Cap
“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, Jeffrey (*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

13 August 2014

To the Shareholders

Dear Sir/Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS
(2) PROPOSED SHARE CONSOLIDATION
AND CHANGE IN BOARD LOT SIZE
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 23 July 2014 in relation to the New Cooperation Agreement.

Reference is also made to the announcement of the Company dated 25 July 2014 in relation to the proposed Share Consolidation and Change in Board Lot Size.

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

* for identification purpose only

LETTER FROM THE BOARD

Independent Board Committee and Independent Shareholders containing its advice in respect of the New Cooperation Agreement; (iv) proposed Share Consolidation and Change in Board Lot Size; and (v) a notice of the EGM.

(1) CONTINUING CONNECTED TRANSACTION

On 23 July 2014, the Company and Hengdeli entered into the New Cooperation Agreement in relation to the supply of timepieces by the Group to Hengdeli as per the terms of the New Cooperation Agreement.

THE NEW COOPERATION AGREEMENT

Date

23 July 2014

Parties

- (1) The Company
- (2) Hengdeli

Hengdeli and its associates hold 1,000,000,000 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 Arrangement

Under the New Cooperation Agreement, the Group shall sell to Hengdeli timepieces of an internationally renowned brand distributed by the Group at the wholesale prices which are 40% discount from the standard retail prices of the respective models of the timepieces for sale in the Greater China Region as from time to time determined by the brand owner.

The rates of discount in the range of 37.5% to 40% are the standard rate of discount determined by the brand owner of the timepieces. The Company offers 40% discount from the standard price to Hengdeli and 37.5% discount from the standard price to other independent retailers on the basis that the scale and distribution network of Hengdeli is much greater than that of the independent retailers (based on the fact that Hengdeli has 384 outlets dispersed across the whole PRC).

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 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

The terms of the New Cooperation Agreement (including the rate of discount of 40%) are substantially the same as those of the Cooperation Agreement. The New Cooperation Agreement was negotiated and determined on an arm's length basis and on normal commercial terms.

Condition Precedent

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

Term

Subject to the approval by the Independent Shareholders, the New Cooperation Agreement shall take effect on 1 October 2014 and will continue thereafter for a term expiring on 30 September 2015.

PROPOSED ANNUAL CAP

The Company proposes that the Annual Cap under the New Cooperation Agreement (in respect of which Independent Shareholders approval is proposed to be sought at the EGM) for the financial year ending 30 September 2015 will be RMB44,000,000.00 (approximately HK\$55,000,000.00). The annual cap of the supply transactions under the Cooperation Agreement for the financial year ended 30 September 2014 is RMB44,000,000.00 (approximately HK\$55,000,000.00).

The Annual Cap was determined by reference to the anticipated demand of the transactions and the historical volume of the comparable transactions under the Cooperation Agreement.

The annual consideration of the respective supply transactions for the financial year ended 30 September 2013 and the ten months ended 31 July 2014 are approximately HK\$41,307,000.00 and HK\$25,655,000 (which is approximately HK\$30,786,000 on an annualised basis) respectively, which represents approximately 55.1% of the respective annual cap under the Cooperation Agreement as approved by the Independent Shareholders.

According to the interim report of Hengdeli for the six months ended 30 June 2014, Hengdeli operated a total of 470 retail outlets in Mainland China, Hong Kong, Macau and Taiwan as at 30 June 2014, representing an increase of 18 outlets over the end of the 2013. Out of 470 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 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 Annual Cap is fair and reasonable.

LETTER FROM THE BOARD

Shareholders and investors should note that the Annual Cap is 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 Cap is 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 transactions contemplated under the New Cooperation Agreement.

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 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 Cap, 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 1,000,000,000 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.

As the applicable percentage ratios for the Aggregate Annual Cap exceeds 5% but less than 25% and is also greater than HK\$30,000,000 on an annual basis, the New Cooperation Agreement and the transactions contemplated thereunder and the Annual Cap are subject to reporting, announcement requirements and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Hengdeli and its associates will abstain from voting at the EGM of the Company to approve the New Cooperation Agreement, the transactions contemplated therein and the Annual Cap.

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 Cap and the transactions contemplated thereunder in accordance with the Listing Rules.

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 Cap. A letter from the Independent Board Committee

LETTER FROM THE BOARD

containing its advice and recommendation to the Independent Shareholders in respect of the New Cooperation Agreement and the transactions contemplated thereunder, including the Annual Cap has been set out on pages 12 and 13 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 Cap has been set out in pages 14 to 22 of this circular.

(2) PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

The Board proposes that every ten issued and unissued Shares of HK\$0.01 each in the share capital of the Company be consolidated into one Consolidated Share of HK\$0.10 each. Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Consolidated Shares regardless of the number of share certificates held by such holder.

The Board also proposes to change the board lot size from 30,000 Existing Shares to 3,000 Consolidated Shares upon the Share Consolidation becoming effective.

CONDITIONS OF THE SHARE CONSOLIDATION

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of the necessary ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

LETTER FROM THE BOARD

EFFECTS OF THE SHARE CONSOLIDATION

As at the Latest Practicable Date, the authorized share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.01 each, of which 6,549,040,939 Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and on the basis that no further Shares will be allotted and issued or repurchased prior thereto, the authorized share capital of the Company will remain at HK\$100,000,000 but will be divided into 1,000,000,000 Consolidated Shares of par value of HK\$0.10 each, of which 654,904,093 whole Consolidated Shares will be in issue.

	As at the Latest Practicable Date	Immediately upon the Share Consolidation becoming effective
Nominal value of each Share	HK\$0.01	HK\$0.10
Number of authorized Shares	10,000,000,000 Existing Shares	1,000,000,000 Consolidated Shares
Amount of authorized share capital	HK\$100,000,000	HK\$100,000,000
Number of the issued Shares	6,549,040,939	654,904,093
Issued and fully paid-up share capital	HK\$65,490,409.39	HK\$65,490,409.30

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other in accordance with the articles of association of the Company.

As at the Latest Practicable Date, the Company has no outstanding derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

Other than the expenses, including professional fees and printing charges, to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or result in any change in the rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

LISTING APPLICATION

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective. All necessary arrangements will be made for the Consolidated Shares to be admitted into the Central Clearing and Settlement

LETTER FROM THE BOARD

System established and operated by Hong Kong Securities Clearing Company Limited. The Share Consolidation will be conducted in accordance with the provisions in the articles of association of the Company.

CHANGE IN BOARD LOT SIZE

The Board also proposes to change the board lot size for trading in the Shares from 30,000 Existing Shares to 3,000 Consolidated Shares upon the Share Consolidation becoming effective.

REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

The Board is of the opinion that the Share Consolidation will bring about a corresponding increase in the trading price of the Consolidated Shares and enable the Company to comply with the trading requirements of the Listing Rules. The Change in Board Lot Size will maintain the trading amount for each board lot at an optimal level. Accordingly, the Board is of the view that the Share Consolidation and the Change in Board Lot Size are in the interest of the Company and the Shareholders as a whole.

ARRANGEMENT ON ODD LOT

In order to facilitate the trading of odd lots of the Consolidated Shares, the Company has appointed Guotai Junan Securities (Hong Kong) Limited as an agent to provide matching service, on a best effort basis, for the sale and purchase of odd lots of Consolidated Shares arising from the Share Consolidation. Shareholders who wish to take advantage of this facility should contact Mr. Simon Lou at telephone number (852) 2509 7519 during office hours. Shareholders should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Please refer to the section headed “EXPECTED TIMETABLE” in page ii of this Circular for the period during which the Company will provide matching services for the sale and purchase of odd lots of the Consolidated Shares.

EXCHANGE OF SHARE CERTIFICATES

Subject to the Share Consolidation becoming effective, Shareholders may submit share certificates (in red) for Existing Shares to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, between Monday, 8 September 2014 and Monday, 20 October 2014 (both dates inclusive) during the business hours, to exchange, at the expense of the Company, for certificates of the Consolidated Shares. It is expected that the new certificates (in green) for the Consolidated Shares will be available for collection within 10 business days after the submission of the existing share certificates to the branch share registrar for exchange. Thereafter, the existing share certificates (in red) for the Shares will not be accepted for delivery, trading and settlement purposes but will remain effective as documents of legal title and will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by Stock Exchange) per existing share certificate cancelled or new share certificate issued (whichever is the higher) by shareholders.

LETTER FROM THE BOARD

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.

EGM

The notice of the EGM is set out on page 26 to page 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 Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 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 the terms of the New Cooperation Agreement and the transaction contemplated thereunder, including the Annual Cap are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. The Board is also of the opinion that the proposed Share Consolidation is in the best interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of both 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)

13 August 2014

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 13 August 2014 (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 Cap 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 Cap, 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 14 to 22 of this Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 11 of the Circular and the additional information set out in the appendix of the Circular.

Having considered the terms of the New Cooperation Agreement and the transactions contemplated thereunder including the Annual Cap, 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 Cap are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent

* *for identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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 Cap.

Yours faithfully,

For and on behalf of

Independent Board Committee of

Ming Fung Jewellery Group Limited

Tam Ping Kuen, Daniel

Independent Non-executive Directors

Chu Wai Fan

Jiang Chao

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

13 August 2014

*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 13 August 2014, 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.

Under the Cooperation Agreement dated 30 September 2013 entered into between the Company and Hengdeli, the Group agreed to sell to Hengdeli timepieces of an internationally renowned brand distributed by the Group (“**Timepieces**”) at the wholesale prices which are certain percentage 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 Supply Arrangement with Hengdeli contemplated thereunder the Cooperation Agreement with annual monetary limit of RMB44,000,000 for the financial year ended 30 September 2014 were duly approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 29 November 2013.

The Cooperation Agreement will expire on 30 September 2014. In order for the Group to continue to sell Hengdeli the Timepieces at the wholesale prices after 30 September 2014, the Company entered into the New Cooperation Agreement with Hengdeli on 23 July 2014 pursuant to which the Group agreed to continue to supply Timepieces at wholesale prices which are 40% discount from the standard retail prices of the respective models of the timepieces for sale in the Greater China Region as from time to time determined by the brand owner to Hengdeli for a term of one financial year commencing from 1 October 2014 to 30 September 2015 (the “**Supply Arrangement**”).

LETTER FROM VEDA CAPITAL

As at the Latest Practicable Date, Hengdeli and its associates hold 1,000,000,000 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 one or more of the applicable percentage ratios in respect of the transactions contemplated under the New Cooperation Agreement exceeds 5% but less than 25% and the total consideration exceeds HK\$10,000,000, the New Cooperation Agreement, the transactions contemplated therein and the Annual Cap are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A 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 Cap), 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 Cap is 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 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

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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 New Cooperation Agreement and the transactions contemplated thereunder (including the Annual Cap) 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.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the terms of the New Cooperation Agreement and the transactions contemplated thereunder (including the Annual Cap) 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.

(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 supply of Timepieces between the Group and Hengdeli has been taken place from 27 September 2012 to 30 September 2013, and has been renewed for another period ended 30 September 2014. 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.

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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 2014 to 30 September 2015.

According to the “Global Luxury Goods Worldwide Market Study, Spring 2014 Update” published by Bain & Company’s in May 2014, the leading advisor to the global luxury goods industry, it is noted that the global market for personal luxury goods is holding its own despite lingering economic weakness in Europe, a fomenting market crisis in Russia and destabilizing exchange rate fluctuations around the world, with sales revenue growth in the first quarter of 2014 in line with 2013’s full-year figures and expected to persist through the balance of the year. On the other hand, as outlined in the “Luxury Goods Worldwide Market Study Winter 2014” conducted by Bain & Company in collaboration with Redburn Partners (Europe’s largest independent equities broker), the number of luxury consumers worldwide has more than tripled over the past 20 years, from roughly 90 million consumers in 1995 to 330 million at the end of 2013, with a net total of 10 million additional consumers annually enter the luxury market to reach an estimated 400 million luxury consumers worldwide by 2020, and an estimated 500 million luxury consumers by 2030.

Based on the research data released by Euromonitor International in October 2013 in relation to the global luxury goods market, the world leader in strategy research for consumer markets, it reveals that the global luxury goods market encounters another solid year’s performance for 2013. Despite continued macroeconomic uncertainty and sluggish profit reports from major luxury brands, Euromonitor International remains optimistic about the industry’s growth prospects. Driven mainly by strength in emerging economies, overall retail growth is set to be stronger than in 2013, with luxury goods sales expected to exceed US\$318 billion worldwide. This represents a year-on-year real value gain of over 3% on 2012. The finding indicates that luxury spending in the PRC is rising steeply despite a government clampdown on extravagant consumption. It is anticipated that the spending on luxury goods will increase by more than 35% over the next five years and Asia Pacific will become the biggest region in the world for luxury goods, and this is predominantly led by China.

China has enjoyed great economic prosperity for the past years. According to the National Bureau of Statistics of China, China’s economy grew 7.7% year-on-year in 2013, beating the Government’s pre-determined target of 7.5% growth, coupled with the nominal Gross Domestic Products (“GDP”) of the country hitting approximately RMB56,885 billion for the year, equivalent to RMB41,796 per capita. For the year 2014, the official PRC Government has set the target growth of the country to 7.5%. Also, the GDP of PRC grew by 7.4% and 7.5% for the first and second quarter in 2014 from a year earlier.

Along with China’s rapid economic growth, disposable income levels have grown significantly. According to the National Bureau of Statistics of China, per capita annual disposable income of urban households in China increased from RMB17,175 in 2009 to RMB26,955 in 2013, representing a CAGR of 9.43% over

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the five-year period. During the same period, per capita annual net income of rural households in China increased from RMB5,153 in 2009 to RMB8,896 in 2013, representing a CAGR of 11.54%. 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 in 2016.

According to the annual report of Hengdeli for the year ended 31 December 2013 (“**Hengdeli AR 2013**”), Hengdeli operated a total of 470 retail outlets in Mainland China, Hong Kong, Macau and Taiwan as at 31 December 2013, representing an increase of 18 outlets year-on-year. And out of 470 retail outlets, 384 of them are spanned across the PRC with a heavy presence in key regions including Beijing, Shanghai, Zhejiang, Jiangsu, Henan, Shanxi, Hubei and Northeastern China.

Also, as advised by the Directors, 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) the global luxury products retail market has remained a strong growth and the trend is expected to continue, in particular led by the Asia Pacific region; (ii) the per capita annual disposable income of urban households in the PRC is continuing with an upward trend; (iii) Hengdeli has numerous of retail outlets span across Asia Pacific region; and (iv) the Group's target is 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: 23 July 2014

Parties: (1) The Company
(2) Hengdeli

Hengdeli and its associates hold 1,000,000,000 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 Supply Arrangement

Under the New Cooperation Agreement, the Group shall sell to Hengdeli Timepieces at the wholesale prices which are 40% discount from the standard retail prices of the respective models of the Timepieces for sale in the Greater China Region as from time to time determined by the brand owner.

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Hengdeli shall place purchase orders to the Group from time to time and the Group shall deliver the required models and quantity of the Timepieces 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.

The terms of the New Cooperation Agreement (including the rate of discount of 40%) are substantially the same as those of the Cooperation Agreement. The New Cooperation Agreement was negotiated and determined on an arm's length basis and on normal commercial terms.

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 2014 if the condition precedent becomes fulfilled, and will continue thereafter for a term expiring on 30 September 2015.

We also observed that, the terms of the Supply Arrangement under the New Cooperation Agreement are same as the Previous Supply Arrangement under the Cooperation Agreement. In assessing the fairness and reasonableness of the terms of the Supply Arrangement, we have obtained sample contracts entered into by the Group with other retailers who are the independent third parties of the Company (the "**Independent Retailers**") in relation to the transactions similar to the Supply Arrangement and reviewed the terms of these contracts. As advised by the Directors, the Group also 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 1 October 2013 to 31 July 2014, Hengdeli had distributed a total of approximately 4,970 pieces of Timepieces (equivalent to an average of 497 pieces per month) into a number of preselected stores and it is expected by the Group that Hengdeli will distribute similar quantity of Timepieces for the remaining two months period under the Previous Supply Arrangement and also for the period from 1 October 2014 to 30 September 2015 under the New Cooperation Agreement. In contrary, an average of approximately 679 pieces of the Timepieces (equivalent to an average of 75 pieces per month) were purchased by each of the Independent Retailers from the Company for the nine months period from 1 October 2013 to 30 June 2014. Given the above, it is expected that Hengdeli would place more orders to the Group, with an average of 497 pieces per month for Hengdeli as compared to 75 pieces per month for the

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Independent Retailers. Therefore, the Group offers a slightly higher discount i.e. 2.5% in wholesale prices to Hengdeli as compared to the Independent Retailers, is considered as a rational and reasonable commercial decision by the Group.

In addition, we have obtained and reviewed the transaction receipts for the Timepieces orders placed by Hengdeli. The receipts have outlined the wholesale prices of the Timepieces and the selling prices offered to Hengdeli, and we realized that the pricing policy is in line with the terms under the Supply Arrangement (40% discount).

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 Cap

As noted from the Board Letter, the Annual Cap under the New Cooperation Agreement (in respect of which Independent Shareholders approval is proposed to be sought at the EGM) for the financial year ending 30 September 2015 will be RMB44,000,000.00 (approximately HK\$55,000,000.00). The annual cap of the supply transactions under the Cooperation Agreement for the financial year ended 30 September 2014 is RMB44,000,000.00 (approximately HK\$55,000,000.00).

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

We noted that the Annual Cap is same as the annual cap of the Previous Supply Arrangement under the Cooperation Agreement. 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 1 October 2013 to 31 July 2014 was approximately RMB20,361,269 (approximately HK\$25,655,199), representing an average monthly order amount of approximately RMB2,036,126 (approximately HK\$2,565,519). The ten months order amount of approximately RMB20,361,269 represents 46.28% of the Previous Supply Arrangement annual cap. As advised by the Company, it is expected that the quantity of the Timepieces which will be ordered by Hengdeli in the remaining months under the Previous Supply Arrangement will be similar to the monthly average amount placed by Hengdeli previously, such that the total order amount under the Previous Supply Arrangement is expected to be approximately RMB24,400,000 (approximately HK\$30,744,000), representing approximately 55% of the annual cap under the Cooperation Agreement.

As noted from the Board Letter, the Company is optimistic on the demands of mid-to-high end watch items in the PRC in view of the increasing trend of the GDP 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. Furthermore, it is advised by the Company that there is always price increment for various styles of the Timepieces

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according to the brand owner's decision, which we have confirmed this price growth by reviewing the invoices provided by the Company for those particular styles and witnessed an approximately 7% growth in price compare to previous year.

It is foreseen by the Company that the anticipated quantity of the Timepieces under the Supply Arrangement 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 during the period from 1 October 2014 to 30 September 2015. We have conducted our independent search by looking into the annual reports of Hengdeli for the previous three years and realized that Hengdeli's retail outlets in Mainland China had increased annually, with 384 retail outlets as at 31 December 2013, 374 retail outlets as at 31 December 2012 and 332 retail outlets as at 31 December 2011, which depicts a strong support in relation to the amount of Timepieces demand by Hengdeli.

We have reviewed relevant information in relation to the determination of the Annual Cap provided by the Company, i.e. the list of standard retail prices of the Timepieces for the Greater China Region determined by the brand owner. We noted that the average standard retail prices of the Timepiece is approximately RMB5,701.5, such that the estimated average price of each Timepiece to be offered by the Group to Hengdeli would be approximately RMB3,420.9 with reference to the standard retail prices of each of the Timepiece and the terms under the New Cooperation Agreement.

Having considered that (i) the historical order on the Timepieces placed by Hengdeli under the Previous Supply Arrangement was approximately 46.28% out of the entire annual cap for the ten months period ended 31 July 2014; (ii) the expected quantity of the Timepieces ordered by Hengdeli in the remaining months under the Previous Supply Arrangement will be similar to previous months; (iii) the proposed Annual Cap has taken into consideration that the orders will be on 12-month basis; (iv) the price increase of some particular styles of the Timepieces; (v) the similar demand level of the Timepieces which will be placed by Hengdeli foreseen by the Group under the New Cooperation Agreement; and (vi) the solid expansion of Hengdeli's retail outlets in the Mainland China, 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.

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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 Cap, 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 Cap.

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

Note: Ms. Julisa Fong is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 17 years of experience in investment banking and corporate finance.

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, 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 2013 (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 2013 (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:

Name	Qualifications
Veda Capital	Veda Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities 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 2013 (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 11:00 a.m. on 5 September 2014 for the purpose of considering and, if thought fit, passing with or without amendments the following resolutions which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

“(i) **THAT:**

the performance by the Group of the transactions contemplated under the agreement (the “**New Cooperation Agreement**”) dated 23 July 2014 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.”

“(ii) **THAT:**

subject to and conditional upon, among others, the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited of the listing of, and permission to deal in, the Consolidated Shares (as defined below) in issue and to be issued:

- (a) every ten (10) issued and unissued shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) share of HK\$0.10 (each a “**Consolidated Share**”) in the share capital of the Company (the “**Share Consolidation**”) and such consolidation shall take effect on the next Business Day (means any day on which the Stock Exchange is open for the business of dealing in securities) immediately following the date on which this resolution is passed, all of the Consolidated Shares shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of the shares contained in the articles of association of the Company;

* for identification purpose only

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- (b) all fractional Consolidated Shares will be disregarded and not be issued to the holders of the existing shares of the Company but all fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company; and
- (c) the directors of the Company be and are generally authorised to do all such acts and things and execute all such documents, including under seal where applicable, as they consider necessary, desirable or expedient to give effect to the foregoing arrangements for the Share Consolidation.”

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

Hong Kong, 13 August 2014

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 13 August 2014.
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 Level 22, Hopewell Centre, 183 Queen's Road East, 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.

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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.