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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.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Ming Fung Jewellery Group Limited.



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 IN RELATION TO
THE PROPOSED ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL IN AND
SHAREHOLDER'S LOAN OF SINOFORCE GROUP LIMITED
AND
PROPOSED ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE**

A notice convening the EGM to be held on 25 November 2014 at Room 1825, 18th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong at 2:30 p.m. is set out on pages 16 and 17 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. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM should the Shareholders so wish.

* for identification purpose only

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DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares and Shareholder’s Loan under the Agreement
“Actual Net Profits”	the total net profits earned by the Target Group after tax (excluding exceptional and extraordinary items) on a consolidated basis for the financial years ending 31 December 2015, 2016 and 2017 based on the financial statement prepared in accordance with the accounting principles and practices generally accepted in Hong Kong
“Agreement”	the agreement dated 6 October 2014 (as amended and supplemented by the Supplemental Agreement) entered into between the Company as purchaser, the Vendor as vendor, and the Guarantor as guarantor in relation to the sale and purchase of the Sale Shares and the Shareholder’s Loan
“associates”	as defined in the Listing Rules
“Board”	the board of Directors
“Business Days”	a day (other than Saturday or Sunday) on which licensed banks in Hong Kong are generally open for business during their normal business hours
“BVI”	the British Virgin Islands
“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”	completion of the sale and purchase of the Sale Shares and the Shareholder’s Loan pursuant to the Agreement
“Completion Date”	the date which is the fifth (5th) Business Day after the date on which the conditions precedent under the Agreement are satisfied or waived or such other date as the Vendor and the Purchaser may agree in writing

DEFINITIONS

“Consideration Shares”	1,623,529,411 new Shares to be allotted and issued to the Vendor or its nominee(s) as settlement of the whole consideration under the Agreement, provided that if prior to the Payment Date, there occurs a subdivision or consolidation of the Shares, any reference to “Consideration Shares” in the Agreement shall be to such number of Shares in the capital of the Company which are derived from those 1,623,529,411 Shares following such subdivision or consolidation of the Shares, and “Consideration Share” means any one of them
“Directors”	directors of the Company
“Due Diligence Investigation”	the legal, financial, business and other due diligence investigation in respect of the assets, liabilities, businesses, prospects and other affairs of the Target Group as the Purchaser may in its sole and absolute discretion consider necessary or desirable
“EGM”	an extraordinary general meeting of the Company to be held on 25 November 2014 at Room 1825, 18th Floor, Hutchison House, 10 Harcourt Road Central, Hong Kong at 2:30 p.m. to approve, inter alia, the Agreement and the transactions contemplated thereunder (including the grant of a specific mandate in relation to the issue and allotment of the Consideration Shares)
“Escrow Agent”	the escrow agent to be engaged by the Company and the Vendor at Completion in respect of the escrow arrangement of the share certificate(s), the blank instruments of transfer and contract notes executed by the Vendor or its nominee(s) in respect of the Consideration Shares
“Group”	the Company and its subsidiaries
“Guarantor”	Zhang Jinbing (張金兵)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	3 November 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Last Trading Day”	3 October 2014, the trading day immediately preceding the date of the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 January 2015 or such later date to be agreed between the Purchaser and the Vendor in writing

DEFINITIONS

“Macau”	the Macau Special Administrative Region of the PRC
“Material Adverse Change”	any change which has a material and adverse effect on the financial position, business or operations of the Target Group as a whole
“Payment Date”	the date on which the Consideration Shares are released to the Vendor or its nominee(s) in accordance with the terms of the Agreement
“PRC”	People’s Republic of China
“Products”	timepieces and accessories, jewellery products, writing instruments, eyewear frames, clothing and leather goods and other products coherent with the strategic exclusivity of the trademarks of GIRARD-PERREGAUX or JEANRICHARD
“Project Company”	Swiss Mechanical Time (Hong Kong) Limited (瑞時鐘錶(香港)有限公司), a limited liability company incorporated in Hong Kong and wholly-owned by the Target Company as at the Latest Practicable Date
“Sale Shares”	the issued 10,000 ordinary share of a par value of US\$1.00 each in the capital of the Target Company legally and beneficially owned and held by and registered in the name of the Vendor
“SFO”	the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each of the Company
“Shareholders”	shareholders of the Company
“Shareholder’s Loan”	the shareholder’s loan due from time to time by any member of the Target Group to the Vendor that remains outstanding as at the Completion Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the agreement entered into between the Company, the Vendor and the Guarantor on 23 October 2014 to amend and supplement certain terms and conditions of the Agreement
“Target Company”	Sinoforce Group Limited, a company incorporated under the laws of the British Virgin Islands and the entire issued share capital of which is held by the Vendor as at the Latest Practicable Date

DEFINITIONS

“Target Group”	the Target Company and the Project Company and its subsidiaries for the time being and from time to time, and the expressions “member of the Target Group” and “Target Group Company” shall be construed accordingly
“Total Net Profits”	the total net profits of the Target Group after tax (excluding exceptional and extraordinary items) calculated on a consolidated basis based on the financial statement prepared in accordance with the accounting principles and practices generally accepted in Hong Kong
“Vendor”	Prestige Rich Holdings Limited, a company incorporated under the laws of the British Virgin Islands
“Warranties”	the warranties, representatives and undertakings given by the Vendor under the Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	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. Tam Ping Kuen

Mr. Jiang Chao

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

7 November 2014

To the Shareholders

Dear Sir/Madam,

**DISCLOSEABLE TRANSACTION IN RELATION TO
THE PROPOSED ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL IN AND
SHAREHOLDER'S LOAN OF SINOFORCE GROUP LIMITED
AND
PROPOSED ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE**

INTRODUCTION

Reference is made to the announcements of the Company dated 6 October 2014 and 23 October 2014 in relation to the Acquisition. Pursuant to the Agreement, the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Sale Shares and the Shareholder's Loan at a total consideration of HK\$138,000,000 which will be satisfied in full by the issue and allotment by the Company to the Vendor the Consideration Shares at Completion. The Guarantor will guarantee to the Purchaser the full, due and punctual performance by the Vendor of all its obligations under the Agreement.

* for identification purpose only

LETTER FROM THE BOARD

The Company will seek a specific mandate from the Shareholders at the EGM for the issue and allotment of the Consideration Shares.

This circular contains further details of (i) the Agreement; (ii) the Acquisition; (iii) the proposed issue of Consideration Shares under a specific mandate; and (iv) a notice convening the EGM.

THE AGREEMENT

Date

6 October 2014 (as amended and supplemented by the Supplemental Agreement dated 23 October 2014)

Parties

- (1) The Company
- (2) The Vendor
- (3) The Guarantor

As at the Latest Practicable Date, the Vendor is a Shareholder which owns 621,878,316 Shares representing 9.5% of the issued share capital of the Company. The Guarantor, as the sole shareholder and director of the Vendor, is deemed to be interested in the Shares held by the Vendor under the SFO. The Vendor and the Guarantor are otherwise not connected to the Company and its connected persons (as defined in the Listing Rules).

The Vendor or the Guarantor has no right to nominate or appoint any Director to the Board under the Agreement.

Assets to be acquired

The Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares, which represents the entire issued share capital of the Target Company, and the Shareholder's Loan.

The Sale Shares will be acquired free of liens, encumbrances and other claims and together with all rights attaching thereto as at the date of the Agreement, including the right to receive dividends and distributions declared, made or paid after the date of the Agreement.

As at the Latest Practicable Date, there was loans in the approximate sum of HK\$24,500,000 in total due to the Vendor from the Target Group and the Shareholder's Loan will be assigned to the Purchaser upon Completion.

The Target Company is an investment holding company wholly-owned by the Vendor as at the Latest Practicable Date. The Target Group is the exclusive distributor of the Products bearing the trademarks of GIRARD-PERREGAUX and JEANRICHARD in the territories of the mainland China, Macau, Hong Kong and Taiwan (travel retail business comprising DFS Groups Limited excepted). For further information on the Target Company, please refer to the section headed "Information on the Target Group" below.

LETTER FROM THE BOARD

Consideration

The consideration of HK\$138,000,000 will be satisfied in full by the issue and allotment by the Company to the Vendor or its nominee(s) the Consideration Shares at Completion.

The Company considers that the issue of the Consideration Shares in payment of the consideration for the Acquisition is preferred over debt financing or equity financing as (a) the Guarantor would involve in the operation and management of the Target Group, as such, the Consideration Shares will give him an incentive to better the performance of the Target Group and to achieve the Total Net Profits as much and as soon as possible; (b) if the Target Group shall fail to meet the Total Net Profits in the sum of HK\$69,000,000 by 31 December 2017, which is jointly and severally guaranteed by the Vendor and the Guarantor, as the Consideration Shares are in escrow, the Company can be readily compensated by the cancellation of the Consideration Shares so as to reduce the consideration paid to the Vendor, as such, it would save time and costs for the Group to take other recourse to recover the shortfall; (c) debt financing will worsen the gearing ratio of the Group, the Group has to repay the loan and bear the interest of the loan; and (d) for equity financing, it will take extra time, costs and procedures if the Company shall raise fund from the existing Shareholders for payment of the consideration for the Acquisition.

The Consideration Shares will, upon issue and fully paid, rank pari passu in all respects with all the existing Shares then in issue. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Payment terms, compensation of the shortfall to the Total Net Profits or adjustment to the consideration

Immediately upon such issue of the Consideration Shares at Completion, the share certificate(s), the instruments of transfer and contract notes executed in blank by the Vendor or its nominee(s) in respect of the Consideration Shares shall be deposited with the Escrow Agent until the Payment Date. The Vendor or its nominee(s) will be entitled to exercise voting rights attaching to, and receive any dividends (including scrip dividend), rights issue, bonus issue and distribution in specie in respect of, all of the Consideration Shares prior to the Payment Date. Any dividends (including scrip dividend), rights issue, bonus issue and distribution in specie received in respect of the Consideration Shares will also be subject to the escrow arrangement with the Escrow Agent.

If the Target Group shall fail to meet the Total Net Profits in the sum of HK\$69,000,000 by 31 December 2017, the Vendor shall have the option either:

- (i) to compensate the Company on the shortfall to the Total Net Profits in cash based on the following formula:

$$\text{Amount of compensation (HK\$)} = (\text{HK\$69,000,000} - \text{Actual Net Profits}) \times 2$$

Note: The multiple 2 represents the price-to-earnings ratio derived by reference to the value of the Consideration Shares over the Total Net Profits

LETTER FROM THE BOARD

- (ii) to have the actual number of the Consideration Shares to be released to the Vendor or its nominee(s) by the Escrow Agent on the Payment Date downward adjusted in accordance with the following formula:

$$\text{Adjusted number of Consideration Shares} = \frac{\text{Actual Net Profits}}{\text{HK\$69,000,000}} \times 1,623,529,411^{(Note)}$$

Note: If prior to the Payment Date, there occurs a subdivision or consolidation of the Shares, the number of the Consideration Shares shall become such number of Shares in the capital of the Company which are derived from those 1,623,529,411 Shares following such subdivision or consolidation of the Shares.

If the Vendor shall fail to make the election of either of the above option (i) or (ii) within 3 months from the date of release of the audited financial statements of the Target Group or by 31 May 2018, whichever is earlier, the Company shall downward adjust the number of Consideration Shares in accordance with the formula set out in option (ii) above and release only the adjusted number of the Consideration Shares to the Vendor or its nominee(s).

The Vendor or its nominee(s) shall only be entitled to receive such amounts of dividends (including scrip dividend), rights issue, bonus issue and distributions attributable to the actual number of Consideration Shares released to the Vendor or its nominee(s).

If the profit after tax as revealed from any consolidated audited financial statement of the Target Group prior to the financial year ending 31 December 2017 shall reach the sum of HK\$69,000,000, the Escrow Agent shall release the share certificate(s), the instruments of transfer and contract notes of the Consideration Shares together with the dividends (including scrip dividend), rights issue, bonus issue and distribution in specie received prior to the Payment Date to the Vendor or its nominee(s).

The excess of the Consideration Shares which are not released to the Vendor or its nominee(s) as a result of the downward adjustment in accordance with the above formula will be cancelled in accordance with the applicable laws with no cash or other distribution made to the Vendor or its nominee(s).

The Board considers that option (ii) is fair and reasonable and in the interests of the Group and the Shareholders as a whole since (a) the adjusted number of the Consideration Shares and the dividends or distributions attributable to such Consideration Shares which will be released to the Vendor or its nominees will be in proportion to the Actual Net Profits; and (b) the excess of the Consideration Shares will be cancelled, such cancellation would in effect reduce the consideration paid for the Acquisition in proportion to the Actual Net Profits achieved by the Target Group.

The Company shall publish an announcement at appropriate time to advise the Shareholders on the performance of the Target Group, whether the Total Net Profits in the sum of HK\$69,000,000 is met and whether and how the Vendor and/or the Guarantor compensate the Group in case there is a shortfall.

LETTER FROM THE BOARD

Moratorium and trading restrictions

As long as the Consideration Shares are under the escrow arrangement with the Escrow Agent, the Vendor or its nominee(s), as the case may be, being the registered owner(s) of the Consideration Shares may not sell, transfer, dispose, charge, mortgage, pledge or otherwise deal with, either directly or indirectly, any of the Consideration Shares.

Consideration Shares

On the basis that the issued share capital of the Company comprises 6,549,040,939 Shares as at the Latest Practicable Date, the Consideration Shares represent:

- (i) approximately 24.79% of the issued share capital of the company as at the Latest Practicable Date; and
- (ii) approximately 19.87% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

Issue price of Consideration Shares

The Consideration Shares will be issued and allotted at an issue price of HK\$0.085 which was determined with reference to the then market price of the Shares at the time of entering into the Agreement. The issued price represents:

- (i) a discount of approximately 6.59% to the closing price of the Shares of HK\$0.091 as quoted on the Stock Exchange as at the Last Trading Day;
- (ii) a discount of approximately 5.97% to the average closing price of the Shares of approximately HK\$0.0904 as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 7.50% to the average closing price of the Shares of approximately HK\$0.0919 as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day; and
- (iv) no premium or discount to the closing price of the Shares of HK\$0.085 as quoted on the Stock Exchange as at the Latest Practicable Date.

Based on the closing price of the Shares of HK\$0.085 as quoted on the Stock Exchange as at the Latest Practicable Date, the Consideration Shares would have a total market value of approximately HK\$138,000,000.

Basis of the Consideration

The consideration and also the issue price of HK\$0.085 per Consideration Share was arrived at based on normal commercial terms and after arm's length negotiations between the parties to the Agreement and by reference to

LETTER FROM THE BOARD

- (i) the joint and several warranty and guarantee by the Vendor and the Guarantor to the Purchaser that the Total Net Profits shall not be less than HK\$69,000,000 for the three financial years ending 31 December 2015, 2016 and 2017; and
- (ii) the Project Company is the exclusive distributor of the Products bearing the trademarks of GIRARD-PERREGAUX and JEANRICHARD in the territories of the mainland China, Macau, Hong Kong and Taiwan (travel retail business comprising DFS Groups Limited excepted).

The Board considers that the consideration for the Acquisition, the issue of the Consideration Shares, and the issue price of HK\$0.085 per Consideration Shares is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Conditions precedent

Completion of the Agreement is conditional upon, among other things, the following conditions precedent:

- (a) the Purchaser having completed and satisfied in its absolute discretion with the results of the Due Diligence Investigation;
- (b) the Purchaser having received and satisfied in its absolute discretion (in substance and form) a legal opinion issued by a firm of lawyers qualified to practise in the British Virgin Islands covering matters including, among other things, (i) the Target Company and the Vendor having been duly established and validly subsisting, (ii) updated lists of directors and shareholders of the Target Company and the Vendor, and (iii) such other aspect of the laws of the British Virgin Islands as the Purchaser may consider appropriate or relevant to the transactions contemplated by the Agreement;
- (c) the approval by the Shareholders of the Company (or, as the case may be, the independent Shareholders of the Company) at the EGM of the Agreement and the transactions contemplated hereby (including without limitation the issue of the Consideration Shares) and all other consents and acts required under the Listing Rules having been obtained and completed;
- (d) the Listing Committee of the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in, the Consideration Shares;
- (e) if required, all approvals, consents, authorisations and licences (so far as are necessary) in relation to the transactions contemplated under the Agreement having been obtained from the relevant governmental authorities;
- (f) the Purchaser being satisfied in its absolute discretion, from the date of the Agreement and at any time before Completion, that the Warranties remain true and accurate in all material respects, not misleading or in breach in any material respect and that no events have suggested that there were any breach in any material respect of any Warranties or other provisions of the Agreement by the Vendor; and

LETTER FROM THE BOARD

- (g) the Purchaser being satisfied in its absolute discretion, from the date of the Agreement to Completion, there has not been any Material Adverse Change in respect of any member of the Target Group.

The Vendor shall use its best endeavours to satisfy the above conditions (except conditions (a), (c) and (d)) whereas the Purchaser shall use its reasonable endeavours to satisfy the above conditions (a), (c) and (d) at any time on or before 5 p.m. on the Long Stop Date.

The Purchaser may, at its absolute discretion at any time, waive in writing any of the above conditions (except conditions (c) and (d)). If all the above conditions have not been satisfied or waived by 5 p.m. on the Long Stop Date then the Agreement shall lapse and has no further effect and the parties shall be released from all obligations under it.

The Company is in the process of engaging professional advisers in the relevant jurisdictions to conduct the Due Diligence Investigation. It has no intention to waive any of the above conditions and will not waive any of the conditions if such waiver will materially affect the interest of the Company and the Shareholders.

Completion

Subject to the satisfaction or waiver of the above conditions, Completion shall take place at 4 p.m. on the Completion Date or at such other time as may be agreed between the parties to the Agreement.

Upon Completion, the Group will own the entire issued share capital of the Target Company, the Target Company and the Project Company will become wholly-owned subsidiaries of the Group.

Profits and other guarantee

In consideration of the Purchaser agreeing to purchase the Sale Shares and the Shareholder's Loan upon and subject to the terms and conditions contained in the Agreement, the Vendor and the Guarantor jointly and severally warrant and guarantee to the Purchaser that the Total Net Profits shall not be less than HK\$69,000,000 for the three financial years ended 31 December 2015, 2016 and 2017.

The guarantee in the sum of HK\$69,000,000 was agreed between the Company, the Vendor and the Guarantor with reference to the following factors:

- (a) the overall trend of increasing demand of luxury consumer goods especially in the PRC; and
- (b) the expected growth of the overall business of the Target Group after the Acquisition in view that the Target Group can make use of the extensive distribution networks, the professional marketing teams and expertise of the Company in sale, trading, distribution and retailing of luxury consumer goods.

Based on the above factors, the Directors consider that the guaranteed amount is fair and reasonable.

LETTER FROM THE BOARD

If the Target Group fails to meet the Total Net Profits in the sum of HK\$69,000,000 by 31 December 2017, the Vendor shall either (i) compensate the Group on the shortfall to the Total Net Profits in cash or (ii) to have the number of Consideration Shares issued and allotted to the Vendor or its nominee(s) downward adjusted based on the formulae as referred to in the paragraph headed “*Payment term, compensation of the shortfall to the Total Net Profits or adjustment to the consideration*”.

The Guarantor has also irrevocably, unconditionally and absolutely guaranteed to the Purchaser the full, due and punctual performance of all the obligations of the Vendor under or pursuant to the Agreement and, in the case of failure by the Vendor, fully, duly or punctually to perform such obligations, shall itself forthwith on demand perform such obligations with the Purchaser that the Guarantor will perform such obligations on the Vendor’s behalf and shall indemnify and keep indemnified on demand the Purchaser from and against any and all losses, reasonable costs and expenses which it may sustain, incur or suffer by reason of any default or delay on the part of the Vendor in the performance of the said obligations and fulfillments of the Warranties.

SHAREHOLDING STRUCTURE OF THE COMPANY IMMEDIATELY BEFORE AND AFTER THE COMPLETION

As at the Latest Practicable Date, there were no outstanding convertible securities issued or options granted which carry rights to acquire Shares.

Details of the shareholding structure of the Company as at the Latest Practicable Date and immediately upon Completion and the issue of the Consideration Shares, assuming that there is no other change in the share capital of the Company, are set out below:

	Shareholding structure as at the Latest Practicable Date		Shareholding structure immediately upon Completion	
	<i>Number of Shares held</i>	<i>Approximate % of issued Shares (Note 4)</i>	<i>Number of Shares held</i>	<i>Approximate % of issued Shares (Note 4)</i>
Hengdeli Holdings Limited	1,000,000,000 (Note 1)	15.27	1,000,000,000 (Note 1)	12.23
The Guarantor	621,878,316 (Note 2)	9.50	2,245,407,727 (Notes 2&3)	27.47
Choy Shiu Tim	406,500,000	6.20	406,500,000	4.97
Public Shareholders	<u>4,520,662,623</u>	<u>69.03</u>	<u>4,520,662,623</u>	<u>55.33</u>
Total:	<u><u>6,549,040,939</u></u>	<u><u>100.00</u></u>	<u><u>8,172,570,350</u></u>	<u><u>100.00</u></u>

LETTER FROM THE BOARD

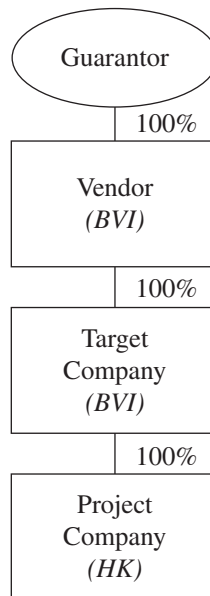
Notes:

1. The 1,000,000,000 Shares are held by Alpha Key Investments Limited, which is wholly-owned by Hengdeli Holdings Limited. Thus, Hengdeli Holdings Limited is deemed to be interested in the 1,000,000,000 Shares held by Alpha Key Investments Limited pursuant to the SFO.
2. The 621,878,316 Shares are held by the Vendor, which is wholly-owned by the Guarantor. Thus, the Guarantor is deemed to be interested in the 621,878,316 Shares held by the Vendor pursuant to the SFO.
3. If prior to the Payment Date, there occurs a subdivision or consolidation of the Shares, the number of the Consideration Shares shall become such number of Shares in the capital of the Company which is derived from those 1,623,529,411 Shares following such subdivision or consolidation of the Shares.
4. The percentages are subject to rounding error.

INFORMATION ON THE TARGET GROUP

Corporate structure

The corporate structure of the Target Group as at the Latest Practicable Date was as follows:



The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, it had an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1 each, of which 10,000 shares having been issued to and is fully paid up by the Vendor.

The Project Company is the exclusive distributor of the Products bearing the trademark of GIRARD-PERREGAUX and JEANRICHARD through its distributors in the territories of the mainland China, Macau, Hong Kong and Taiwan (travel retail business comprising DFS Groups Limited excepted).

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors having made all reasonable enquiries and subject to the Due Diligence Investigation on the Target Group, GIRARD-PERREGAUX and JEANRICHARD are haute horlogerie brands included in the Sowind Group based in La Chaux-de-Fonds, Switzerland, which develops and produces a complete portfolio of high-end watch movements (more than 100 variants) and collections of mechanical watches with Kering being its majority shareholder.

Financial information

As the Target Company was newly incorporated on 15 January 2014, and being an investment holding company, no financial statement has been prepared.

The Project Company was incorporated on 6 March 2014, based on the unaudited financial statement of the Project Company for the period from 6 March 2014 to 31 August 2014, the profit before taxation and extraordinary items of the Project Company for this period is HK\$197,400.68, the profit after taxation and extraordinary items of the Project Company for this period is approximately HK\$164,829.00 and its net asset value is HK\$207,400.68 as at 31 August 2014.

REASONS FOR THE ACQUISITION

The principal activities of the Company comprise the manufacture, sale, trading, distribution, processing and retailing of jewellery production in the PRC. The Directors considered that the Acquisition represented a good opportunity for the Company to expand its retail business which could create a platform for business cooperation with international reputable brands of timepieces and accessories, jewellery items and other luxury goods, and help broaden the source of income of the Company. The Board is of the view that the Project Company, being the exclusive distributor of the Products bearing the trademarks of GIRARD-PERREGAUX and JEANRICHARD in the territories of the mainland China, Macau, Hong Kong and Taiwan (travel retail business comprising DFS Group Limited excepted), has much potential for the Company's business expansion in these regions.

The Directors believe that the Acquisition is in line with the business plan of the Company and, couple with the expertise of the Group in the sale, trading, distribution, processing and retailing of timepieces, jewellery and luxury goods, the Acquisition is in the best interest of the Company and the terms of the Agreement are in normal commercial terms, which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As the Acquisition 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 Consideration Shares will be issued and allotted under a specific mandate to be sought at the EGM. The Board will seek approval from the Shareholders at the EGM for the grant of a specific mandate for the issue and allotment of the Consideration Shares.

LETTER FROM THE BOARD

Application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares on the Stock Exchange.

EGM

The notice of the EGM is set out on pages 16 and 17 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 26th Floor, 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.

As the Vendor owns 621,878,316 Shares representing 9.5% of the issued share capital of the Company and has a material interest in the Agreement, it will abstain from voting at the EGM to approve the Agreement and the transactions contemplated therein (including the grant of the specific mandate in relation to the issue and allotment of the Consideration Shares). To the best of the Directors' knowledge, information and belief having made reasonable enquiries, no other Director or Shareholder has a material interest in the Agreement and the transactions contemplated thereunder and no other Shareholder would be required to abstain from voting at the EGM.

RECOMMENDATION

The Board is of the opinion that (i) the Agreement; (ii) the Acquisition; and (iii) the proposed issue of Consideration Shares under a specific mandate are in the best interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of resolution proposed at the EGM.

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Ming Fung Jewellery Group Limited (the “**Company**”) will be held at Room 1825, 18th Floor, Hutchison House, 10 Harcourt Road Central, Hong Kong at 2:30 p.m. on 25 November 2014 for the purpose of considering and, if thought fit, passing with or without amendments the following resolution which will be proposed as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) a share purchase agreement dated 6 October 2014 (the “**Agreement**”) (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) entered into the Company, Prestige Rich Holdings Limited and Zhang Jinbing which is amended and supplemented by a supplemental agreement dated 23 October 2014 (the “**Supplemental Agreement**”) (a copy of which has been produced at this Meeting and marked “B” and initialed by the chairman of this Meeting for the purpose of identification), pursuant to which the Company has agreed to acquire the entire issued share capital of Sinoforce Group Limited and the shareholder’s loan due by the group of companies of Sinoforce Group Limited to Prestige Rich Holdings Limited at the date of completion of the Agreement at a total consideration of HK\$138,000,000 which will be satisfied in full by the Company’s issue and allotment of the Consideration Shares (as defined in the Agreement) upon completion of the Agreement and the transactions contemplated thereunder or incidental to the Agreement be and are hereby approved, ratified and confirmed;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Consideration Shares (as defined in the Agreement), the directors of the Company be and are hereby authorised to allot and issue the Consideration Shares at HK\$0.085 per Consideration Share in accordance with the terms and conditions of the Agreement, and that the Consideration Shares shall, when allotted and issued, be credited as fully paid and rank pari passu in all respects with all other shares of the Company in issue on the date of such allotments and issues; and
- (c) the directors of the Company are hereby authorised to do all such further acts and things and execute such further documents which in their opinion may be necessary

* for identification purpose only

NOTICE OF EGM

or expedient to give effect to the terms of the Agreement and the issue and allotment of the Consideration Shares or any of the transactions contemplated under the Agreement.”

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

Hong Kong, 7 November 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 7 November 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, Wanchai, Hong Kong not less than 48 hours before the time appointed for the meeting at which the person named in the instrument proposes to vote. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.
6. As at the date of this notice, the Board comprises Mr. Wong Chi Ming, Jeffrey and Mr. Yu Fei, Philip as executive Directors, and Ms. Chu Wai Fan, Mr. Tam Ping Kuen, Daniel and Mr. Jiang Chao as independent non-executive Directors.