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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)**

### **CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**

**VINCO**  **域高**

**Grand Vinco Capital Limited**

*(A wholly-owned subsidiary of Vinco Financial Group Limited)*

A notice convening the EGM to be held on 31 March 2015 at Room 1825, 18th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong at 2:30 p.m. is set out on pages 26 and 27 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, 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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## 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 (as supplemented and amended by the Supplemental Cooperation Agreement) for the financial year ending 30 September 2015
“associates”	as defined in the Listing Rules
“Board”	the board of Directors
“Company”	Ming Fung Jewellery Group Limited, a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Stock Exchange (Stock Code: 860)
“Directors”	directors of the Company
“EGM”	extraordinary general meeting of the Company to be convened to approve, among other things, the Supplemental Cooperation Agreement, the transactions contemplated thereunder and the Annual Cap
“Greater China Region”	include the mainland China, Macau and Hong Kong
“Group”	the Company and its subsidiaries
“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 Dr. Willinge Garry Alides, the independent non-executive Directors, which will make recommendations to the Independent Shareholders in respect of the Supplemental Cooperation Agreement and the Annual Cap

## DEFINITIONS

“Independent Financial Adviser” or “Vinco Capital”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (Stock code: 8340), a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Supplemental Cooperation Agreement including the Annual Cap
“Independent Shareholders”	Shareholders other than Hengdeli and its associates
“Latest Practicable Date”	6 March 2015, 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 23 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 and conditions stated therein for the period from 1 October 2014 to 30 September 2015
“PRC”	the People’s Republic of China
“Products”	timepieces and accessories, jewellery products, writing instruments, eyewear frames, clothing and leather good and other products
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Cooperation Agreement”	the agreement dated 13 February 2015 entered into between the Company and Hengdeli which supplements and amends the New Cooperation Agreement in relation to the supply of the Products of international renowned brands distributed by the Group to Hengdeli

## DEFINITIONS

“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. Zhang Jinbing (*Chief Executive Officer*)  
Mr. Yu Fei, Philip

*Registered office:*

Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman  
KY1-1111, Cayman Islands

*Independent Non-executive Directors:*

Ms. Chu Wai Fan  
Mr. Tam Ping Kuen, Daniel  
Dr. Willinge Garry Alides

*Head office and principal place of  
business in Hong Kong:*

Room 1825, 18th Floor  
Hutchison House  
10 Harcourt Road Central  
Hong Kong

10 March 2015

*To the Shareholders*

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 13 February 2015 in relation to the Supplemental Cooperation Agreement.

The purpose of this circular is to provide the Shareholders with, among other things, (i) further information of the Supplemental Cooperation Agreement; (ii) a letter from the Independent Board Committee containing its advice and recommendations to the Independent Shareholders in respect of the Supplemental Cooperation Agreement; (iii) a letter of advice from Vinco Capital to the Independent Board Committee and Independent Shareholders containing its advice in respect of the Supplemental Cooperation Agreement and the Annual Cap; and (iv) a notice of the EGM.

\* for identification purpose only

## LETTER FROM THE BOARD

### THE SUPPLEMENTAL COOPERATION AGREEMENT

On 13 February 2015, the Company and Hengdeli entered into the Supplemental Cooperation Agreement with the principal terms and conditions as follows:

**Date**

13 February 2015

**Parties**

- (1) The Company
- (2) Hengdeli

Hengdeli and its associates hold 1,000,000,000 Shares representing approximately 12.24% 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.

**Term**

Subject to the approval by the Independent Shareholders, the Supplemental Cooperation Agreement shall take retrospective effect on 13 February 2015 and will continue thereafter for a term expiring on 30 September 2015.

**Major Terms of the Supplemental Cooperation Agreement**

Under the Supplemental Cooperation Agreement, the Group shall sell to Hengdeli the Products of internationally renowned brands distributed by the Group at the wholesale prices which are 40% to 51% discount from the standard retail prices of the respective models of the Products for sale in the Greater China Region and Taiwan from time to time determined by the brand owners.

The rates of discount in the range of 37.5% to 51% are the standard rates of discount determined by the brand owners of the Products. The Company offers 40% to 51% of discount from the standard prices to Hengdeli and 37.5% to 45% of 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 410 outlets dispersed across the mainland China).

Hengdeli shall place purchase orders to the Group from time to time and the Group shall deliver the required models and numbers of the Products 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 Supplemental Cooperation Agreement was negotiated and determined on an arm's length basis and on normal commercial terms.

## LETTER FROM THE BOARD

The Supplemental Cooperation Agreement is conditional upon the approval of the Independent Shareholders at the EGM. The New Cooperation Agreement will be supplemented and amended by the Supplemental Cooperation Agreement once it takes effect.

### PROPOSED ANNUAL CAP

The Company proposes that the Annual Cap under the Supplemental 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 RMB82,200,000 (approximately HK\$102,750,000). The original annual cap for the transactions contemplated under the New Cooperation Agreement is RMB44,000,000 (approximately HK\$55,000,000).

The actual transaction amounts of the respective transactions contemplated under the New Cooperation Agreement for the period from 1 October 2014 to 31 January 2015 is approximately HK\$5,500,000 (which is approximately HK\$16,500,000 on an annualised basis), which represents approximately 30% of the annual cap under the New Cooperation Agreement as approved by the Independent Shareholders. The total sale amount of the Products bearing the trademark of GIRARD-PERREGAUX and JEANRICHARD distributed by Sinoforce Group Limited and its subsidiaries (“**Sinoforce Group**”) for the period from 18 December 2014 to 31 January 2015 is approximately HK\$5,900,000 (which is approximately HK\$47,000,000 on an annualised basis and HK\$40,000,000 for the period from 18 December 2014 to 30 September 2015). As such, the anticipated transaction amounts under the New Cooperation Agreement (which will be supplemented and amended by the Supplemental Cooperation Agreement once it is approved and takes effect) is approximately HK\$56,500,000 up to 30 September 2015 which exceeds the original annual cap in the sum of approximately HK\$55,000,000. Since the Group intends to expand its existing distribution business in the territories of the mainland China, Hong Kong, Macau and Taiwan and will earmark HK\$100 million from the proceeds of the open offer of the Company (for details, please refer to the circular dated 26 February 2015 issued by the Company) as the marketing and customer service expenses, the Group expects that there will be a corresponding growth in the demands of the Products and thus the sale volume.

The Annual Cap was determined by reference to (i) the anticipated demand of the transactions and the historical volume of the comparable transactions under the New Cooperation Agreement (as supplemented and amended by the Supplemental Cooperation Agreement); and (ii) the anticipated demand of the Products bearing the trademarks of GUCCI, GIRARD-PERREGAUX and JEANRICHARD.

The Directors (excluding the Independent Board Committee whose views have been set out in the “Letter from the Independent Board Committee”) are of the opinion that the Annual Cap is fair and reasonable.

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



## **LETTER FROM THE BOARD**

Group will be able to achieve the demands and to generate the revenues under the transactions contemplated under the New Cooperation Agreement and the Supplemental Cooperation Agreement.

### **REASONS AND BENEFITS FOR THE TRANSACTIONS UNDER THE SUPPLEMENTAL COOPERATION AGREEMENT**

In light of the completion of the acquisition of Sinoforce Group that took place on 18 December 2014, the Group intends to utilise the extensive distribution network of Hengdeli across the mainland China for distribution of the Products bearing the trademarks of GUCCI, GIRARD-PERREGAUX and JEANRICHARD both under the New Cooperation Agreement and distributed by Sinoforce Group, it is therefore expected that there will be an increase in both the scope and the volume of the supply of the Products by the Group to Hengdeli. The Directors are of the view that the annual cap for transactions contemplated under the New Cooperation Agreement for the year ending 30 September 2014 will be insufficient for satisfying the Group's current need. As such, the Group proposes to enter into the Supplemental Cooperation Agreement with Hengdeli which will supplement and amend the New Cooperation Agreement and the Annual Cap.

The Supplemental 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 Supplemental 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 Supplemental 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 12.24% 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 Supplemental Cooperation Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios for the Annual Cap exceeds 25% on an annual basis, the Supplemental 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 Supplemental Cooperation Agreement, the transactions contemplated therein and the Annual Cap.

## **LETTER FROM THE BOARD**

None of the Directors is regarded as having a material interest in the transactions under the Supplemental Cooperation Agreement and abstained from voting in the board resolutions approving the Supplemental 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 Supplemental Cooperation Agreement and the transactions contemplated thereunder, including the Annual Cap. A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Supplemental Cooperation Agreement and the transactions contemplated thereunder, including the Annual Cap has been set out on pages 10 and 11 of the circular.

Vinco Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders and a letter from Vinco Capital to the Independent Board Committee and the Independent Shareholders containing its advice in respect of the Supplemental Cooperation Agreement and the transactions contemplated thereunder, including the Annual Cap has been set out in pages 12 to 22 of this circular.

### **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 pages 26 and 27 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, 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.

## LETTER FROM THE BOARD

### RECOMMENDATION

The Board (excluding the Independent Board Committee whose views are set out in the “Letter from the Independent Board Committee”) is of the opinion that the terms of the Supplemental Cooperation Agreement and the transactions 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 (excluding the Independent Board Committee whose views are set out in the “Letter from the Independent Board Committee”) recommends the Independent Shareholders to vote in favour of the 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)**

10 March 2015

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company dated 10 March 2015 (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 Supplemental 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.

Vinco Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the Supplemental Cooperation Agreement were entered into on normal commercial terms; and the terms of the Supplemental 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 12 to 22 of this Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 9 of the Circular and the additional information set out in the appendix of the Circular.

Having considered the terms of the Supplemental Cooperation Agreement and the transactions contemplated thereunder including the Annual Cap, and the advice of Vinco Capital, we are of the opinion that the Supplemental Cooperation Agreement were entered into on normal commercial terms; and the terms of the Supplemental 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

\* *for identification purpose only*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

the Independent Shareholders as a whole. We therefore recommend that you vote in favour of the resolutions to be proposed at the EGM to approve the Supplemental 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**

**Chu Wai Fan**

**Tam Ping Kuen, Daniel**

**Willinge Garry Alides**

*Independent Non-executive Directors*

## LETTER FROM VINCO CAPITAL

*The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Supplemental Cooperation Agreement and the transactions contemplated thereunder including the Annual Cap, which has been prepared for the purpose of incorporation in this circular:*



**Grand Vinco Capital Limited**  
Units 4909–4910, 49/F., The Center  
99 Queen’s Road Central, Hong Kong

10 March 2015

*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 advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Supplemental Cooperation Agreement and the transactions contemplated thereunder including the Annual Cap, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 10 March 2015 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

Reference is made to the announcement and the circular of the Company dated 23 July 2014 and 13 August 2014 respectively in relation to the New Cooperation Agreement. Pursuant to the New Cooperation Agreement, the Group agreed to continue to supply the Products 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 Products for the Greater China Region as from time to time determined by the brand owner to Hengdeli. The New Cooperation Agreement with Annual Cap of RMB44,000,000 (approximately HK\$55,000,000) for the financial year commencing from 1 October 2014 to 30 September 2015 were duly approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 5 September 2014.

In order to increase in both scope and the volume of the supply of the Products of internationally renowned brands by the Group to Hengdeli, the Company entered into the Supplemental Cooperation Agreement with Hengdeli on 13 February 2015 pursuant to which supplements and amends the New Cooperation Agreement in relation to the supply of the Products of internationally renowned brands distributed by the Group to Hengdeli for a term expiring on 30 September 2015.

## LETTER FROM VINCO CAPITAL

As at the Latest Practicable Date, Hengdeli and its associates hold 1,000,000,000 shares, representing approximately 12.24% of the entire issued share capital of the Company. Accordingly, Hengdeli is a connected person of the Company and the transactions contemplated under the Supplemental Cooperation Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios for the Annual Cap exceeds 25% on an annual basis, the Supplemental Cooperation Agreement, the transactions contemplated thereunder including 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 the voting at the EGM of the Company to approve the Supplemental 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 Dr. Willinge Garry Alides has been established to advise the Independent Shareholders as to the terms of the Supplemental 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. 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 Supplemental Cooperation Agreement and the transactions contemplated thereunder including the Annual Cap are on normal commercial terms, in the ordinary course of business of the Group, being fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, we are not connected with the directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. We were not aware of any relationships or interest between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Cooperation Agreement and the transactions contemplated thereunder including the Annual Cap. We are eligible to give independent advice and recommendations on the terms of the Supplemental Cooperation Agreement and the transactions contemplated thereunder including the Annual Cap. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We have not acted as the independent financial adviser to the Company's other transactions during the last two years.

## LETTER FROM VINCO CAPITAL

### BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company.

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

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Company or its future prospect.

We consider that we have reviewed all currently available information and documents (particularly, (i) board minutes approving the Supplemental Cooperation Agreement; (ii) the Supplemental Cooperation Agreement; (iii) the historical sales record and sample invoices of Products sold to independent third parties and Hengdeli; (iv) the sales projection provided by the Company; and (v) outlook on the luxury goods in PRC, which are made available to us and enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to terms of the Supplemental Cooperation Agreement and the transactions contemplated thereunder including the Annual Cap, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

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 Supplemental 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 REASON CONSIDERED**

In assessing the terms of the Supplemental 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 the Supplemental Cooperation Agreement**

*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.

*Information of Hengdeli*

As set out in the Letter from the Board, 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.

*Reasons and benefits for entering into the Supplemental Cooperation Agreement*

With reference to the announcement and the circular of the Company dated 23 July 2014 and 13 Aug 2014 respectively, we understand that New Cooperation Agreement has been renewed for another period ending 30 September 2015 in relation to the supply of Products between the Group and Hengdeli, and the entering into 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. As disclosed in the Letter from the Board, the completion of the acquisition of Sinoforce Group Limited and its subsidiaries (“**Sinoforce Group**”) took place on 18 December 2014, the Group intends to utilise the extensive distribution network of Hengdeli across the mainland China for distribution of the Products bearing the trademarks of GUCCI, GIRARD-PERREGAUX and JEANRICHARD. As disclosed in the annual report of the Company for the year ended 30 September 2014, the Sinoforce Group indirectly hold the exclusive distribution right of the products of “GIRARD-PERREGAUX” and “JEANRICHARD” in the territories of the mainland China, Macau, Hong Kong and Taiwan.

On 13 February 2015, the Company and Hengdeli entered into the Supplemental Cooperation Agreement to revise the Annual Cap upward. After discussion with the management of the Group and reviewing the respective transactions for the period from 1 October 2014 to 31 January 2015 and the projected sales for the year ending 30 September 2015 and its underlying assumptions, we are of the view that both the projected sales and its underlying assumptions are determined by the Company in a fair and reasonable basis and we also noted that there will be an expected increase in purchase

## LETTER FROM VINCO CAPITAL

orders arising from the completion of the acquisition of the Sinoforce Group and exceed the previous annual cap which was approved by the Independent Shareholders. Accordingly, the Company are thus proposed to revise the Annual Cap upwards by entering the Supplemental Cooperation Agreement. Also, as noted from the Letter from the Board, the Company considers that the entering into the Supplemental Cooperation Agreement will allow the Group to achieve a higher level of distributions and benefits for the period from 13 February 2015 to 30 September 2015.

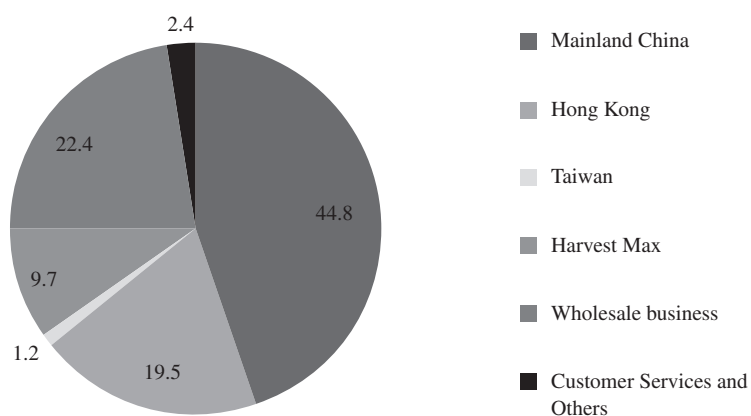
According to the interim report of Hengdeli (the “**Interim Report 2014**”), as at 30 June 2014, Hengdeli recorded sales of approximately RMB7,206,514,000 and retail sales in mainland China, representing an increase of approximately 14.5% over the corresponding period last year, of which, from the sales breakdown below, the retail business in mainland China amounted to approximately RMB3,224,564,000, representing approximately 44.8% of total sales and with an increase of approximately 13% as compared to the six months ended 30 June 2013. The sales growth within six months indicates that luxury spending in the mainland China is rising steadily along with their rapid economic growth and burgeoning middle class. Therefore, the Supplemental Cooperation Agreement helps the Group to expand their market share and distribution network across mainland China.

### Sales breakdown:

*(for the six months ended 30 June)*

<b>Retail Business</b>	<b>2014</b> <i>(RMB'000)</i>	<b>2013</b> <i>(RMB'000)</i>
Mainland China	3,224,564	2,852,386
Hong Kong	1,406,584	1,592,478
Taiwan	89,176	90,179
Wholesale Business	1,613,660	1,361,145
Customer Services and Others	173,589	113,704

### Sales



## LETTER FROM VINCO CAPITAL

According to the “Global Luxury Goods Worldwide Market Study, Fall 2014 Update” published by Bain & Company’s in November 2014, the leading advisor to the global luxury goods industry, it is noted that the global market for personal luxury goods is continuing to buoy the market. The overall market is on target to reach €223 billion in 2014, triple its size 20 years ago. Yet that growth is slowing: in 2013, luxury goods grew 7%, and in 2014, growth slowed to 5% at constant exchange rates (2% at current rates). That slower pace is, however, more sustainable, and it reflects the “new normal” for luxury goods, particularly as the global economy continues its sluggish recovery from the financial crisis of 2008. Demand from Chinese consumers, mature consumers in the US, and Japanese shoppers returning to luxury goods have all helped shore up growth.

Based on the research article released by the Hong Kong Trade Development Council (“**HKTDC**”) dated 19 September 2014 in relation to the global watch and clock market, it reveals that industry players are optimistic with regard to the anticipated sales of watch and clock for 2015. Despite continued macroeconomic uncertainty and sluggish profit reports from major luxury brands, the survey results for the HKTDC Hong Kong Watch and Clock Fair 2014, the exhibitors and buyers remained optimistic about the overall sales outlook for 2015, especially in mainland China. Exhibitors were more optimistic about the Chinese mainland market than were buyers. In total, 51% of exhibitors expected positive growth in the coming year, while 38% of buyers shared the same view. We noted that as stated in the Company’s annual report for the year ended 30 September 2014, the PRC luxury goods market was continuously impacted by the decelerated customers spending momentum due to the frugality campaign of the PRC government and was in continuous downturn. However, according to a report published by PwC, 2015–2016 Outlook for the Retail and Consumer Products Sector in Asia, despite the downturn, PRC’s appetite for luxury goods remains strong as the PRC accounting for nearly one-half of its global luxury spending in 2013 at US\$102 billion. It should still remain eye-watering when comparing to other market worldwide.

China has enjoyed great economic prosperity for the past years. According to the release by National Bureau of Statistics of China on 20 January 2015, the national economy has been running steadily under the new normal, showing good momentum of stable growth, optimized structure, enhanced quality and improved people’s livelihood in 2014. The gross domestic product (the “**GDP**”) of China was RMB63,646.3 billion in 2014, an increase of 7.4% at comparable prices. Specifically, the growth rate in fourth quarter in 2014 was 7.3%. The value added of the primary industry was RMB5,833.2 billion, up by 4.1%; the secondary industry RMB27,139.2 billion, up by 7.3%; and the tertiary industry RMB30,673.9 billion, up by 8.1%. The gross domestic product of the fourth quarter of 2014 went up by 1.5 percent on a quarter-on-quarter base. In addition, according to estimates by Economic Intelligence Unit, the number of households earning over US\$50,000 in China are projected to increase from approximately 4,694,000 in 2014 to 6,047,000 in 2015.

According to the Interim Report 2014, Hengdeli has 410 outlets dispread across mainland China with a heavy presence in key regions including Beijing, Shanghai, Zhejiang, Jiangsu, Henan, Shanxi, Hubei and Northeastern China. Also, as advised by the

## LETTER FROM VINCO CAPITAL

Directors, the target of the Group will continue to expand its middle-end brands sales into the second-, third- and fourth-tier cities 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 steadily growth and the trend is expected to continue, in particular led by the Asia Pacific region; (ii) despite the frugality campaign by PRC government, PRC's appetite for luxury goods remains strong and eye-watering when comparing to other markets worldwide; (iii) the GDP in mainland China is continuing with an upward trend with the number of household earning over US\$50,000 increased; (iv) Hengdeli has numerous of retail outlets span across mainland China key regions; and (v) 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 Supplemental 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 Supplemental Cooperation Agreement**

The following table summarizes the major terms of the Supplemental Cooperation Agreement:

Date:	13 February 2015
Parties:	(1) the Company
	(2) Hengdeli

#### *Major Terms of the Supplemental Cooperation Agreement*

Under the Supplemental Cooperation Agreement, the Group shall sell to Hengdeli the Products of internationally renowned brands distributed by the Group at the wholesale prices which are 40% to 51% discount from the standard retail prices of the respective models of the products for sale in the Great China Region and Taiwan from time to time determined by the brand owners.

The Company offers 40% to 51% of discount from the standard prices to Hengdeli and 37.5% to 45% of 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 410 outlets dispersed across the mainland China).

Hengdeli shall place purchase orders to the Group from time to time and the Group shall deliver the required models and numbers of the products to Hengdeli within 7 business days from the date of issuance of the respective purchases 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 VINCO CAPITAL

The Supplemental Cooperation Agreement supplemented and amended the New Cooperation Agreement in relation to the supply of the Products of internationally renowned brands distributed by the Group to Hengdeli. The Supplemental Cooperation Agreement was negotiated and determined on an arm's length basis and on normal commercial terms.

### *Condition Precedent*

The Supplemental Cooperation Agreement is conditional upon the approval of the Independent Shareholders at the EGM. The New Cooperation Agreement will be supplemented and amended by the Supplemental Cooperation Agreement once it takes effect.

### *Term*

The Supplemental Cooperation Agreement shall take effect retrospectively on 13 February 2015 if the condition precedent becomes fulfilled, and will continue thereafter for a term expiring on 30 September 2015.

We observed that, the terms of the Supplemental Cooperation Agreement are the supplement and amendment of the New Cooperation Agreement. In assessing the fairness and reasonableness of the terms of the Supplemental Cooperation Agreement, we have obtained the contracts entered into by the Company with third parties retailers ("**Independent Retailers**") and reviewing the details of the sale contract in term of wholesale price, selling price, quantity, delivery schedule, etc. As advised by the Directors, the Group also supplies Products to the Independent Retailers that the Group offers 37.5% to 45% discount to the Independent Retailers from the standard retail prices while offers 40% to 51% discount to Hengdeli. As discussed with the management, the terms of the sale contracts and the respective selling price of the Products shall be agreed upon between the parties and shall be determined based on normal commercial terms through arm's length negotiation with reference to various considerations including but not limited to the costs, prevailing market conditions, the time of delivery and the quantity required, or on terms that are no less favourable to the Group than the terms available to the Independent Retailers. At the end of each year, an annual review, which generally include discussion of the selling price, the quantity to be sold and the delivery schedule etc, is to be carried out by the Group internally.

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. As at 30 June 2014, Hengdeli has 410 outlets dispread across mainland China and recorded retail sales amount to approximately RMB5,419,256,000 in the first half of 2014, representing an increase of approximately 12.4%, of which the retail sales in mainland China amounted to approximately RMB3,224,564,000. In addition, Hengdeli shall continue to reinforce and expand its business in second, third, fourth-tier cities in the future. Therefore, it depicts a strong support in relation to the amount of Products demand by Hengdeli and represents good opportunities for the Group to strengthen its collaboration with Hengdeli that the

## LETTER FROM VINCO CAPITAL

Group shall increase in both the scope and the volume of the supply of the Products to Hengdeli. Given the above, it is expected that there will be an increase in both the scope and the volume of the supply of the Products by the Group to Hengdeli.

As discussed with the Directors and reviewing the Products' sales record to Independent Retailers and to Hengdeli prepared by the Company, we noted that the quantities of Products sold to Hengdeli are higher than to Independent Retailers. Taking into consideration that (i) Hengdeli purchased more Products than the Independent Retailers and (ii) stronger scale and distribution network from Hengdeli than that of the Independent Retailers, we consider that the Group offers a slightly higher discount by a range of 2.5% to 6.0% to Hengdeli as compared to the Independent Retailers, is considered as a rational and acceptable commercial decision by the Group.

Based on the foregoing, given that there are no changes in major terms (other than the revised Annual Cap) of the Supplemental Cooperation Agreement, thus we are also of the opinion that the terms of the Supplemental Cooperation Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### **III. Proposed Annual Cap**

As disclosed in the Letter from the Board, the Annual Cap under the Supplemental 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 RMB82,200,000 (approximately HK\$102,750,000). The original annual of the supply transactions under the New Cooperation Agreement for the financial year ended 30 September 2015 is RMB44,000,000 (approximately HK\$55,000,000).

The actual transaction amounts of the respective transactions contemplated under the New Cooperation Agreement for the period from 1 October 2014 to 31 January 2015 is approximately HK\$5,500,000 (which is approximately HK\$16,500,000 on an annualised basis), which represents approximately 30% of the annual cap under the New Cooperation Agreement as approved by the Independent Shareholders. The total sales amount of the Products bearing the trademark of GIRARD-PERREGAUX and JEANRICHARD distributed by Sinoforce Group for the period from 18 December 2014 to 31 January 2015 is approximately HK\$5,900,000 (which is approximately HK\$47,000,000 on an annualised basis and HK\$40,000,000 for the period from 18 December 2014 to 30 September 2015). As such, the anticipated transaction amounts under the New Cooperation Agreement (which will be supplemented and amended by the Supplemental Cooperation Agreement once it is approved and takes effect) is approximately HK\$56,500,000 up to 30 September 2015 which exceeds the original annual cap in the sum of approximately HK\$55,000,000. Since the Group intends to expand its existing distribution business in the territories of the mainland China, Hong Kong, Macau and Taiwan and will earmark HK\$100 million from the proceeds of the open offer as the marketing and customer service expenses, the Group expects that there will be a corresponding growth in the demands of the Products and thus the sales volume.

## LETTER FROM VINCO CAPITAL

The Annual Cap was determined by reference to (i) the anticipated demand of the transactions and the historical volume of the comparable transactions under the New Cooperation Agreement (as supplemented and amended by the Supplemental Cooperation Agreement); and (ii) the anticipated demand of the Products bearing the trademarks of GUCCI, GIRARD-PERRERGAUX and JEANRICHARD.

The Directors are of the view that the annual cap transactions contemplated under the New Cooperation Agreement for the year ending 30 September 2014 will be insufficient for satisfying the Group's current need. We noted that the Annual Cap of the Supplemental Cooperation Agreement is approximately 50% higher than the annual cap under New Cooperation Agreement. As such, the Group proposes to enter into the Supplemental Cooperation Agreement with Hengdeli to supplement and amend the New Cooperation Agreement.

In assessing the fairness and reasonableness of Annual Cap under the Supplemental Cooperation Agreement, we have reviewed the historical sales volume under the New Cooperation Agreement between the Group and Hengdeli and expected sales for February 2015 to 30 September 2015 projected by the Company and its underlying assumptions. In addition, we have obtained and reviewed the sample invoices on Products sold to (i) Hengdeli and (ii) Independent Retailers. After our discussion with the Directors, we noted that the sales projection are calculated based on average historical sales volume to Hengdeli with the historical average selling price of the Products under the New Cooperation Agreement. Based on the sales projection, Hengdeli will order an average of 550 pieces of Products per month as compared to 84 pieces of Products per month for the Independent Retailers under the Supplemental Cooperation Agreement. In addition, as mentioned above, the Group will invest HK\$100 million to expand its existing distribution business in the territories of the mainland China, Hong Kong, Macau and Taiwan. Given that (i) the sales estimation are based on the historical average sales volume and historical average selling price of the Products and (ii) it is not unreasonable to expect the corresponding growth in the demands of the Products and thus the sales volume as the Group plans to invest proceeds from the open offer to expand the distribution business, we therefore are of the view that the sales projection are fair and reasonable. In addition, given that (i) the sales projection and its assumption are fair and reasonable, (ii) PRC's appetite for luxury goods remains strong and eye-watering and (iii) the increased Annual Cap can offer a buffer and flexibility for the Group to capture the corresponding growth in the demands of the Products given the proposed HK\$100 million investment in expanding its existing distribution business in the territories of the mainland China, Hong Kong, Macau and Taiwan, therefore, we are of the opinion that the Annual Cap is fair and reasonable, are in the interest of the Company and so far as the Independent Shareholders are concerned.

## LETTER FROM VINCO CAPITAL

### RECOMMENDATION

Having considered the above principal factors and reasons, we consider that entering into the Supplemental Cooperation Agreement and the transactions contemplated thereunder including the Annual Cap are in the ordinary and usual course of business of the Group, are fair and reasonable, and are in the interests of the Company 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 to be proposed at the EGM for approving the Supplemental Cooperation Agreement and the transactions contemplated thereunder including the Annual Cap.

Yours faithfully,  
For and on behalf of  
**Grand Vinco Capital Limited**  
**Alister Chung**  
*Managing Director*

*Note:* Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Grand Vinco Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 11 years.



## 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, the interests of the Directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), which were required (a) 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 (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Type of interests	Number of Issued Existing Shares held	Number of Underlying Shares held	Total Interests	Approximate percentage of shareholding of the Company (%)
Mr. Zhang Jinbing	Corporate ( <i>Note 1</i> )	2,245,407,727	—	2,245,407,727	27.47
Mr. Wong Chi Ming, Jeffry	Corporate ( <i>Note 2</i> )	1	—	1	<0.001

*Notes:*

- (1) The interest disclosed represents the 2,245,407,727 Shares held by Prestige Rich Holdings Limited. All the interest disclosed above represents long position in the Shares.
- (2) The interest disclosed represents the 1 Share held by Equity Base Holdings Limited which is wholly-owned by Mr. Wong Chi Ming, Jeffry. All the interest disclosed above represents long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any beneficial or deemed interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to 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 2014 (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 2014 (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. EXPERT 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:

<b>Name</b>	<b>Qualifications</b>
Vinco Capital	a corporation licensed under the SFO to carry out regulated activities of type 1 (dealing in securities) and type 6 (advising on corporate finance)

Vinco 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, Vinco 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, Vinco Capital does not have any interest, either directly or indirectly, in any assets which have been, since 30 September 2014 (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 Supplemental Cooperation Agreement;
- (b) the Letter from Vinco Capital; and
- (c) the written consent referred to in the paragraph headed “Expert and consent” in this appendix.



**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 31 March 2015 for the purpose of considering and, if thought fit, passing with or without amendments the following resolution which will be proposed as ordinary resolution of the Company:

**ORDINARY RESOLUTION**

“**THAT:**

the performance by the Group of the transactions contemplated under the agreement (the “**Supplemental Cooperation Agreement**”) dated 13 February 2015 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 Supplemental Cooperation Agreement or any of the transactions contemplated thereunder.”

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

Hong Kong, 10 March 2015

*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

\* *for identification purpose only*

## NOTICE OF EGM

*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 10 March 2015.
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 one or more proxies (if a member who is the holder of two or more Shares of the Company) 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.
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, Jeffry, Mr. Zhang Jinbing and Mr. Yu Fei, Philip as the executive Directors, and Ms. Chu Wai Fan, Mr. Tam Ping Kuen, Daniel and Dr. Willinge Garry Alides as the independent non-executive Directors.