

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

THE SUPPLEMENTAL COOPERATION AGREEMENT

Reference is made to the announcement and the circular dated 23 July 2014 and 13 August 2014 respectively in relation to the New Cooperation Agreement dated 30 September 2014.

In light of completion of certain acquisitions by the Group, the Group now proposes to enter into the Supplemental Cooperation Agreement with Hengdeli in view of the increase in both the scope and the volume of the supply of the Products of internationally renowned brands by the Group to Hengdeli.

The Supplemental Cooperation Agreement was entered into between the Company and Hengdeli on 13 February 2015 which, subject to the approval by the Independent Shareholders at the EGM, shall take retrospective effect on 13 February 2015.

LISTING RULES IMPLICATIONS

The transactions contemplated under the Supplemental Cooperation Agreement constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules.

* *for identification purpose only*

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Supplemental Cooperation Agreement exceeds 25%, the Supplemental Cooperation Agreement, the transactions contemplated therein and the Annual Cap are subject to reporting, announcement and Independent Shareholders' approval requirements under Rule 14A of the Listing Rules.

A circular containing, among other things, details of the Supplemental Cooperation Agreement, a letter from the Independent Board Committee to the Independent Shareholders, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders and a notice convening the EGM will be dispatched to the Shareholders on or before 10 March 2015.

Reference is made to the announcement and the circular dated 23 July 2014 and 13 August 2014 respectively in relation to the New Cooperation Agreement dated 30 September 2014.

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 date of this announcement 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 certain percentages discount from the standard retail prices of the respective models of the Products for sale in the Greater China Region as from time to time determined by the brand owners.

The Company offers higher percentages of discount from the standard prices to Hengdeli than 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.

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.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL COOPERATION AGREEMENT

In light of the completion of certain acquisitions by the Group, the Group intends to utilise the extensive distribution network of Hengdeli across the mainland China for distribution of the Products, 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 to supplement and amend the New Cooperation Agreement.

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 RMB82,200,000.00 (approximately HK\$102,750,000.00). The original annual cap for the transactions contemplated under the New Cooperation Agreement is RMB44,000,000 (approximately HK\$55,000,000).

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; and (ii) the anticipated demand of the Products.

The Directors (excluding the Independent Board Committee whose views will be set out in the circular after having received advice from the Independent Financial Adviser to be appointed by the Company) are of the opinion that the Annual Cap is fair and reasonable.

INFORMATION ON THE PARTIES IN THE TRANSACTIONS

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.

REASONS AND BENEFITS FOR THE TRANSACTIONS UNDER THE SUPPLEMENTAL COOPERATION AGREEMENT

The Supplemental Cooperation Agreement represents good opportunities for the Group to strengthen its collaboration with Hengdeli continuously 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.

In light of the above, the Directors (excluding the Independent Board Committee whose views will be set out in the circular after having received advice from the Independent Financial Adviser to be appointed by the Company) are of the opinion that the terms of the Supplemental Cooperation

Agreement are the normal commercial terms and are fair and reasonable and that the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Supplemental Cooperation Agreement exceeds 25%, the Supplemental Cooperation Agreement, the transactions contemplated therein and the Annual Cap are subject to reporting, announcement and Independent Shareholders' approval requirements under Rule 14A of the Listing Rules.

Save for the Supplemental Cooperation Agreement and the New Cooperation Agreement, the Company has confirmed with Hengdeli that, Hengdeli and its associates do not have any other transactions with the Group that are subsisting and subject to aggregation pursuant to Rules 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, and the votes of the Independent Shareholders in the EGM will be taken by poll.

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.

An Independent Board Committee will be constituted to make recommendations to the Independent Shareholders in respect of the resolutions to approve the Supplemental Cooperation Agreement and the Annual Cap. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Supplemental Cooperation Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and whether the Annual Cap is fair and reasonable.

A circular containing, among other things, details of the Supplemental Cooperation Agreement, a letter from the Independent Board Committee to the Independent Shareholders, a letter of advice from the Independent Financial Adviser to be appointed by the Company to the Independent Board Committee and Independent Shareholders and a notice convening the EGM will be dispatched to the Shareholders on or before 10 March 2015.

DEFINITIONS

The following defined terms are used in this announcement:

“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, and which will make recommendations to the Independent Shareholders in respect of the Supplemental Cooperation Agreement and the Annual Cap
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the transactions contemplated under the Supplemental Cooperation Agreement and the Annual Cap
“Independent Shareholders”	Shareholders other than Hengdeli and its associates
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of PRC
“%”	per cent

For the purpose of illustration only, where applicable, the exchange rate at HK\$1.00 = RMB0.800 has been used.

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

Hong Kong, 13 February 2015

As at the date hereof, the Company’s executive directors are Mr. Wong Chi Ming, Jeffry, Mr. Zhang Jinbing and Mr. Yu Fei, Philip and independent non-executive directors are Ms. Chu Wai Fan, Mr. Tam Ping Kuen, Daniel and Dr. Willinge Garry Alides.