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MING FUNG JEWELLERY GROUP LIMITED

明豐珠寶集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 860)

PLACING OF EXISTING SHARES TOP-UP SUBSCRIPTION OF NEW SHARES AND RESUMPTION OF TRADING

On 13 March 2007, Equity Base entered into the Placing Agreement with the Placing Agent and the Subscription Agreement with the Company respectively. Pursuant to the Placing Agreement, Equity Base agreed to place, through the Placing Agent, 43,950,000 existing Shares to placees who will be independent professional, and/or institutional investors, and who and whose ultimate beneficial owners are third parties independent of the Company and Connected Persons of the Company at the Placing Price. As at the date of this announcement, the Placing Agent had identified four placees, namely, Value Partners Limited, Hamon U.S. Investment Advisors Limited, Hamon Asset Management Limited and Richland Worldwide Limited who are independent professional, and/or institutional investors.

Pursuant to the Subscription Agreement, Equity Base conditionally agreed to subscribe for 43,950,000 new Shares at a price of HK\$0.53 per Share. The subscription price of the new Shares of HK\$0.53 per Share, being equivalent to the Placing Price, was determined after arm's length negotiation between Equity Base and the Company with reference to the Placing Price. The 43,950,000 new Shares represent approximately 6.07% of the existing issued share capital of the Company and approximately 5.73% of the issued share capital of the Company as enlarged by the Subscription.

The Placing Price was determined after arm's length negotiation between Equity Base and the Placing Agent and represents (i) a discount of 8.621% over the closing price of HK\$0.580 per Share quoted on the Stock Exchange on the Last Trading Date, (ii) a discount of 6.028% over the average closing price of HK\$0.564 per Share on the Stock Exchange for the last 5 trading days up to and including the Last Trading Date, and (iii) a discount of 6.360% over the average closing price of HK\$0.566 per Share on the Stock Exchange for the last 10 trading days up to and including the Last Trading Date.

The Company intends to use the estimated net proceeds of the Subscription of approximately HK\$22,580,000 as the general working capital of the Company.

At the request of the Company, trading in Shares on the Stock Exchange was suspended from 9:38 a.m. on Wednesday, 14 March 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Thursday, 15 March 2007.

PLACING AGREEMENT

The Placing Agreement was made between Equity Base and the Placing Agent on 13 March 2007 pursuant to which Equity Base had agreed to place and the Placing Agent had agreed to procure placees who will be independent professional, institutional and/or individual investors, and who and whose ultimate beneficial owners are third parties independent of the Company and Connected Persons of the Company to purchase 43,950,000 existing Shares at the Placing Price.

Parties

- Equity Base (as vendor), a substantial and controlling shareholder of the Company, is owned as to 100% by Mr. Wong. Equity Base owned 416,000,000 Shares representing 57.50% of the existing issued share capital of the Company. Upon completion of the Placing but before the Subscription, Equity Base will own 372,050,000 Shares representing approximately 51.42% of the issued share capital of the Company.
- Placing Agent (as placing agent), who will procure four placees to purchase the 43,950,000 existing Shares on a best endeavour basis, will receive a placing commission of 2.5% which will be paid by the Company on the gross proceeds of the placing under the Placing Agreement, which was arrived after arm's length negotiation between the Company and the Placing Agent. The Directors consider that the placing commission is fair and reasonable. To the best knowledge and information of the Directors, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and Connected Persons of the Company.

Placees

The entire number of Placing Shares under the Placing Agreement will be placed by the Placing Agent to four placees who will be independent professional, and/or institutional investors, and who and whose ultimate beneficial owners (i) are third parties independent of the Company and Connected Persons of the Company (including Equity Base); and (ii) are not parties acting in concert with Equity Base or any of its owners at the Placing Price. The Placing Agent had identified four placees, namely, Value Partners Limited, Hamon U.S. Investment Advisors Limited, Hamon Asset Management Limited and Richland Worldwide Limited, who are independent professional, and/or institutional investors.

Placing price

HK\$0.53 per Share. The Placing Price was determined after arm's length negotiation between Equity Base and the Placing Agent with reference to the market price of the Shares and represents (i) a discount of 8.621% over the closing price of HK\$0.580 per Share quoted on the Stock Exchange on the Last Trading Date, (ii) a discount of 6.028% over the average closing price of HK\$0.564 per Share on the Stock Exchange for the last 5 trading days up to and including the Last Trading Date, and (iii) a discount of 6.360% over the average closing price of HK\$0.566 per Share on the Stock Exchange for the last 10 trading days up to and including the Last Trading Date.

Placing shares

43,950,000 existing Shares placed represented approximately 6.07% of the existing issued share capital of the Company and will represent approximately 5.73% of the issued share capital of the Company as enlarged by the Subscription.

Completion of the Placing Agreement

The Placing Agreement is unconditional and will be completed on the date on which this announcement is published in the newspapers and the Shares having resumed trading on the Stock Exchange (or such other time or date as Equity Base and the Placing Agent shall agree).

SUBSCRIPTION AGREEMENT

The Subscription Agreement was made between Equity Base and the Company on 13 March 2007 pursuant to which Equity Base had conditionally agreed to subscribe and the Company had conditionally agreed to allot and issue 43,950,000 new Shares at the price of HK\$0.53 per Share.

Parties

- Equity Base (as subscriber).
- The Company (as issuer).

Price of the subscription shares

The price of the new Shares of HK\$0.53 per Share, being equivalent to the Placing Price, was determined after arm's length negotiation between Equity Base and the Company with reference to the Placing Price. The net subscription price per share is HK\$0.514. The Directors consider that the subscription price of the new Share to be issued by the Company is fair and reasonable.

Subscription shares

43,950,000 new Shares are to be subscribed, representing approximately 6.07% of the existing issued share capital of the Company and approximately 5.73% of the issued share capital of the Company as enlarged by the Subscription. These 43,950,000 new Shares, when issued and

fully paid, will rank pari passu among themselves and with the Shares in issue at the time of issue and allotment of their issue.

Conditions of the subscription

Completion of the Subscription Agreement is conditional upon:

- completion of the placing of 43,950,000 shares having occurred pursuant to the terms of the Placing Agreement;
- the Listing Committee of the Stock Exchange granting or agreeing to grant listing of and permission to deal in the Subscription Shares (either unconditionally or subject to conditions which are acceptable to the Company); and

There is no provision in the Subscription Agreement allowing the parties thereto to waive any of the above conditions.

Completion of the subscription

Completion of the Subscription Agreement shall take place on the business day following the day upon which all the conditions of the Subscription Agreement shall have been satisfied provided that the completion date shall not be later than 27 March 2007 (or such later time and/or date as the Company and Equity Base may agree in writing).

If completion of the Subscription is extended beyond 14 days after the date of the Placing Agreement, the Subscription will constitute a connected transaction under the Listing Rules which will require the approval of independent shareholders of the Company and steps will be taken by the Company to ensure compliance with the Listing Rules. Further announcement(s) will be made by the Company if completion of the Subscription takes place after 27 March 2007.

APPLICATION FOR LISTING

Application will be made by the Company to the listing committee of the Stock Exchange for the grant of the listing of and permission to deal in the Subscription Shares.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholdings in the Company before and after the Placing and the Subscription are summarised as follows:

	Before Placing and Subscription	After Placing but before % Subscription	After Placing and % Subscription	%
Equity Base (Note)	416,000,000	57.50	372,050,000	51.42
Placees (Value Partners, Hamon U.S. Investment Advisors Limited, Hamon Asset Management Limited and Richland Worldwide Limited)	0	0	43,950,000	6.07
Public shareholders	307,500,000	42.50	307,500,000	42.50
Total issued share capital	723,500,000	100	723,500,000	100
			43,950,000	5.73
			307,500,000	40.06

Note: Equity Base is owned as to 100% by Mr. Wong. Under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"), Ms. Lui Ching Han, Magda, an executive director and spouse of Mr. Wong is deemed to be interested in these shares.

USE OF PROCEEDS FROM THE SUBSCRIPTION

The gross proceeds from the Subscription are about HK\$23,293,500. The Directors has estimated that the net proceeds from the Subscription are about HK\$22,580,000, all of which will be used as general working capital of the Company.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE-MONTH PERIOD

The Company has not conducted any equity fund raising activity in the past twelve-month period immediately preceding the date of this announcement.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Company had noted the good market condition. The Directors have considered such opportunity and concluded that the Placing and the Subscription could broaden the shareholders base and the capital base of the Company.

GENERAL MANDATE

The Company, being an issuer under the Subscription Agreement, will issue 43,950,000 new Shares of nominal value of HK\$0.01 per Share, the aggregate nominal value of HK\$439,500 of the new Shares pursuant to the general mandate granted by the shareholders of the Company to the Directors on 3 March 2006. The said general mandate entitles the Company to issue a total nominal value of not exceeding 20% of the aggregate of the total nominal value of the share capital of the Company in issue as at the date of the grant of the said general

mandate, which amounts to 133,900,000 new Shares. As at the date of this announcement, no Shares have been issued by the Company pursuant to the above general mandate.

COMPANY'S PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are distribution, manufacture, sale, trading and retailing of jewellery products and trading of diamonds and gemstones.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange was suspended from 9:38 a.m. on Wednesday, 14 March 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Thursday, 15 March 2007.

DIRECTORS OF THE COMPANY

As at the date of this announcement, the executive Directors are Mr. Wong Chi Ming, Jeffry, Madam Lui Ching Han, Magda, Mr. Chung Yuk Lun and Mr. Yu Fei Philip and the independent non-executive Directors are Mr. Lee Pak Chung, Mr. Chan Man Kiu and Mr. Tam Ping Kuen, Daniel.

DEFINITIONS

In this announcement, unless the context otherwise requires the following terms shall have the following meanings:

“Company”	Ming Fung Jewellery Group Ltd., a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Connected Persons”	as defined in the Listing Rules
“Directors”	the directors of the Company; “Director” shall be construed accordingly
“Equity Base”	Equity Base Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and is legally and beneficially owned as to 100% by Mr. Wong
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of The People’s Republic of China
“Last Trading Date”	13 March 2007, being the last full trading day for the Shares before the date of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of 43,950,000 existing Shares by Equity Base pursuant to the Placing Agreement
“Placing Agent”	BCOM Securities Company Limited
“Placing Agreement”	the placing agreement dated 13 March 2007 made between Equity Base and the Placing Agent for the placing of 43,950,000 existing Shares at the Placing Price
“Placing Price”	HK\$0.53 per Share
“Mr. Wong”	Mr. Wong Chi Ming, Jeffry, the chairman and executive Director
“PRC”	The People’s Republic of China
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by Equity Base for 43,950,000 new Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 13 March 2007 made between Equity Base and the Company for the subscription of 43,950,000 new Shares at HK\$0.53 per Share
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 14 March 2007

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

* For identification purpose only