

*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.*



## **HONG KONG JEWELLERY HOLDING LIMITED**

**香港珠寶控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 08048)**

### **INSIDE INFORMATION MEMORANDUM OF UNDERSTANDING**

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board announces that on 12 October 2015 (after trading hours), the Company and ENCAP, and the Potential Vendor respectively entered into the non-legally binding MOU in relation to the Proposed Acquisition.

**The Board wishes to emphasise that no binding agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement. As such, the Proposed Acquisition may or may not proceed. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.**

**Further announcement(s), including announcement under Chapter 19 of GEM Listing Rules, in respect of the Proposed Acquisition will be made by the Company as and when appropriate.**

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board announces that on 12 October 2015 (after trading hours), the Company, ENCAP and the Potential Vendor respectively entered into the non-legally binding MOU in relation to the Proposed Acquisition. Subject to further negotiation, it is proposed that the Company and/or its subsidiaries and ENCAP will set up a corporate vehicle as the Potential Purchaser, for the purpose to acquiring the Target Company. On the other hand, the Potential Vendor is contemplating a corporate restructuring (“Proposed Restructuring”) immediately within 2 months upon signing the MOU, the successful implementation of which shall result in the Target Company, directly or indirectly, owning the entire share capital of Yongkai. The principal terms of the MOU are set forth below:

## **MEMORANDUM OF UNDERSTANDING**

**Date** 12 October 2015 (after trading hours)

**Parties** Party A: the Potential Vendor  
Party B: the Company  
Party C: ENCAP

As at the date of this announcement, the Potential Vendor indirectly owned 100% of the entire issued share capital of the Target Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Potential Vendor and ENCAP are both Independent Third Party.

### **Assets to be acquired**

Pursuant to the MOU and subject to the successful implementation of the Proposed Restructuring, it is proposed that the Company and ENCAP will procure the Potential Purchaser to acquire 51% of the issued share capital of the Target Company from the Potential Vendor. It is further proposed in the MOU that the Company and/or its subsidiary shall hold 95% of the issued share capital of the Potential Purchaser, whilst the remaining 5% shall be held by ENCAP.

### **Consideration**

Under the MOU, the Company, ENCAP and the Potential Vendor shall negotiate on the consideration for the Proposed Acquisition, which may involve the new Share(s) of the Company, or other form of the consideration, as all the parties may finally agree upon the entering into the Formal Agreement. The exact amount and form of the consideration (including the timing, the numbers of instalments, and payment terms), shall be finalized and stated in the Formal Agreement. It is further proposed in the MOU that the Company, ENCAP and the Potential Vendor may take reference of the form of consideration involved in similar acquisitions of comparable industry and size.

### **Conditions precedent**

The Proposed Acquisition shall be subject to certain customary conditions precedent, which may include, without limitation, the following conditions precedent (unless otherwise with the joint written waiver by the Company and ENCAP):

- a. Completion of the Proposed Restructuring;
- b. Satisfactory due diligence result on the financial, legal, tax and operations aspects of the Target Company;

- c. Compliance with the GEM Listing Rules and having obtained all approvals required from the Stock Exchange and the Shareholders of the Company in respect of the Proposed Acquisition (if necessary).

### **Due diligence**

Pursuant to the MOU, the Company and ENCAP shall be entitled to commence and conduct due diligence exercises on the Target Group, immediately upon entering into the MOU and to be completed by the thirtieth day from the date of the completion of the corporate restructuring.

### **Exclusivity**

The Potential Vendor undertakes that, during the term of the MOU and under the premises that the Proposed Acquisition contemplated under the MOU is not to be affected, the Potential Vendor shall engage in exclusive negotiation with the Company and ENCAP, and shall not deal with any other person(s) in relation to the shareholding or the businesses of the Target Company or the Target Group, which would interfere with or affect the subject matter of the MOU.

### **Confidentiality**

Each of the Party A, Party B and Party C has undertaken to the other that, unless the prior consent of the other party has been obtained, it will not divulge to the public or media (whether in Chinese or English, whether locally or in overseas) the terms of the MOU and the progress of the negotiation between the parties prior to, or consequential upon, the Completion, unless the representation and disclosure by a party (whether with the consent of the other parties) is required by any laws or any regulation to be imposed from time to time by any competent regulatory authority (including but not limited to the Listing Rules), PROVIDED that the disclosing party shall first give notice to the other parties of the proposed disclosure.

### **Non-legally binding effect of the MOU**

The MOU is non-legally binding save for the provisions in relation to exclusivity, due diligence, confidentiality, termination, notices, governing law and jurisdiction and other (including costs and expenses) provisions.

### **Term and Termination**

The MOU shall expire upon the expiry of the first month from the date of the MOU or to such other date as agreed in writing between the Company, ENCAP and the Potential Vendor.

The MOU shall be terminated upon, the earlier of:

- a. the date of execution of the Formal Agreement; or

b. the expiry of the term under the MOU.

## GENERAL

**The Board wishes to emphasise that no binding agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement. As such, the Proposed Acquisition may or may not proceed. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.**

**Further announcement(s), including announcement under Chapter 19 of GEM Listing Rules, in respect of the Proposed Acquisition will be made by the Company as and when appropriate.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors of the Company
“Company”	Hong Kong Jewellery Holding Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the GEM board of the Stock Exchange
“Completion”	completion of the Proposed Acquisition
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“ENCAP”	Encap (Global) Asset Management Limited, a company incorporated in Hong Kong with limited liability
“Formal Agreement”	a legally binding agreement in respect of the Proposed Acquisition which is to be negotiated by the Company and ENCAP, and the Potential Vendor, and, if materialized, be entered into by the Potential Purchaser and the Potential Vendor
“Group”	the Company and its subsidiaries
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party”	a party who is a third party independent of the Company and its connected persons (within the meaning of the GEM Listing Rules)
“MOU”	the non-legally binding memorandum of understanding entered into between the Company, ENCAP and the Potential Vendor respectively on 12 October 2015 in respect of the Proposed Acquisition
“Proposed Acquisition”	the proposed acquisition of 51% of the issued share capital of the Target Company as contemplated under the MOU
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Proposed Restructuring”	the corporate restructuring contemplated by the Proposed Vendor, the successful implementation of which shall result in the Target Company directly or indirectly owning the entire share capital of Yongkai
“Potential Purchaser”	the corporate vehicle to be incorporated and owned by the Company as to 95% and ENCAP as to 5% for the purpose of the Proposed Acquisition
“Potential Vendor”	an Independent Third Party who indirectly owns 100% of the share capital of the Target Company
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) in the share capital of the Company which have a par value of HK\$0.10 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	a company which, after the successful completion of the Proposed Restructuring and at the time when signing the Formal Agreement, directly or indirectly owns the entire share capital of Yongkai
“Target Group”	Target Company and its subsidiaries

“Yongkai” Zhejiang Yongkai Sugar Limited\* (浙江永凱糖業有限責任公司), a company incorporated in the PRC and is principally engaged in the production and sale of various types of sugar

“%” per cent

By order of the Board  
**Hong Kong Jewellery Holding Limited**  
**Li Xia**  
*Chairman*

Hong Kong, 12 October 2015

The Board comprises of:

Li Xia (*Executive Director*)

Lin Di (*Executive Director*)

Chen Yin (*Executive Director*)

Lam Tin Faat (*Independent Non-executive Director*)

Lu Haina (*Independent Non-executive Director*)

Na Xin (*Independent Non-executive Director*)

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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 announcement 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 announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least seven days from the date of its posting and on the website of the Company at [www.hkjewelry.net](http://www.hkjewelry.net).*

\* *For identification purpose only.*