

*This announcement is for information purposes only and does not constitute an invitation or offer to sell, acquire, purchase or subscribe for securities. Potential investors should read the prospectus dated Monday, 28 May 2012 (the “**Prospectus**”) issued by Graff Diamonds Corporation (the “**Company**”) for detailed information about the Global Offering before deciding whether or not to invest in the Offer Shares.*

*This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. Securities may not be offered or sold in the United States except pursuant to registration or an exemption from registration requirements under the United States Securities Act of 1933, as amended. There will not and is not currently intended to be any public offering of securities in the United States.*

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*In connection with the Global Offering, Morgan Stanley Asia Limited, as stabilising manager (the “**Stabilising Manager**”), its affiliates or any person acting for it, on behalf of the Underwriters, may effect transactions with a view to stabilising or supporting the market price of the Shares for a limited period after the Listing Date at a level higher than that which might otherwise prevail. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to conduct any such stabilising action. Such stabilisation action, if commenced, may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws, rules and regulatory requirements, including the Securities and Futures (Price Stabilising) Rules, as amended, made under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). Such stabilisation, if commenced, will be conducted at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time, and is required to be brought to an end after a limited period. The details of the intended stabilisation and how it will be regulated under the Securities and Futures Ordinance are contained in the Prospectus.*

*Potential investors should be aware that stabilising action cannot be taken to support the price of the Shares for longer than the stabilisation period which begins on the Listing Date and is expected to expire on 30 June 2012, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall.*

*Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the Prospectus.*

# GRAFF

## GRAFF DIAMONDS CORPORATION

*(Incorporated in the Cayman Islands with limited liability)*

### GLOBAL OFFERING

- Number of Offer Shares in the Global Offering** : Up to 311,200,000 Shares, comprising up to 264,520,000 New Shares and up to 46,680,000 Sale Shares (subject to adjustment and the Over-allotment Option)
- Number of International Placing Shares** : Up to 280,080,000 Shares, comprising up to 233,400,000 New Shares and up to 46,680,000 Sale Shares (subject to adjustment, reallocation and the Over-allotment Option)
- Number of Hong Kong Offer Shares** : 31,120,000 New Shares (subject to adjustment and reallocation)
- Maximum Offer Price** : HK\$37.00 per Offer Share, plus 1% brokerage, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
- Nominal Value** : US\$0.01 per Share
- Stock Code** : 1306

*Joint Global Coordinators and Joint Sponsors  
(in alphabetical order)*



Morgan Stanley

*Joint Bookrunners  
(in alphabetical order)*



Morgan Stanley

*Joint Lead Managers*



*Greater China Coordinator*



*Financial Advisor*



Application has been made to the Listing Committee of the Hong Kong Stock Exchange for the granting of the approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering, comprising up to 264,520,000 New Shares and up to 46,680,000 Sale Shares (subject to

adjustment and the Over-allotment Option), Shares to be issued pursuant to the Reorganisation and any Shares which may be issued pursuant to the exercise of any options which may be granted under the Option Plan. Assuming the Global Offering becomes unconditional at or before 8:00 a.m. on Thursday, 7 June 2012, it is expected that dealings in the Shares on the Hong Kong Stock Exchange are to commence at 9:00 a.m. on Thursday, 7 June 2012. In the event that the Over-allotment Option is exercised, an announcement will be made by the Company. Subject to the granting of the approval for the listing of, and permission to deal in, the Shares in issue and to be issued as described in the Prospectus on the Hong Kong Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. All necessary arrangements have been made for the Offer Shares to be admitted into CCASS. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

The Offer Price will not be more than HK\$37.00 per Share and is expected to be not less than HK\$25.00 per Share. Applicants for Hong Kong Offer Shares are required to pay, upon application, the maximum Offer Price of HK\$37.00 for each Hong Kong Offer Share together with a brokerage fee of 1%, a SFC transaction levy of 0.003% and a Hong Kong Stock Exchange trading fee of 0.005%, subject to a refund if the Offer Price as finally determined is less than HK\$37.00 per Offer Share. Applications for the Hong Kong Offer Shares will only be considered on the basis of the terms and conditions set out in the Prospectus and the Application Forms. Applicants who wish the Hong Kong Offer Shares to be issued in their own names should (i) complete and sign the **WHITE** Application Forms or (ii) submit applications online through the designated website of the **HK eIPO White Form** Service Provider at [www.hkeipo.hk](http://www.hkeipo.hk) under the **HK eIPO White Form** service. Applicants who wish to have the Hong Kong Offer Shares issued in the name of HKSCC Nominees Limited and deposited directly into CCASS for credit to their CCASS Investor Participant stock accounts or the stock accounts of their designated CCASS Participants should (i) complete and sign the **YELLOW** Application Forms; or (ii) give **electronic application instructions** to HKSCC via CCASS.

Copies of the Prospectus, together with the **WHITE** Application Forms, may be obtained during normal business hours from 9:00 a.m. to 4:30 p.m. from Monday, 28 May 2012 to Wednesday, 30 May 2012, and from 9:00 a.m. to 12:00 noon on Thursday, 31 May 2012 at:

(1) any of the following addresses of the following Hong Kong Underwriters:

<b>Credit Suisse (Hong Kong) Limited</b>	Level 88, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
<b>Deutsche Bank AG, Hong Kong Branch</b>	Level 52, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
<b>Goldman Sachs (Asia) L.L.C.</b>	68th Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong
<b>Morgan Stanley Asia Limited</b>	46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
<b>The Hongkong and Shanghai Banking Corporation Limited</b>	Level 15, 1 Queen's Road Central Hong Kong
<b>Barclays Bank PLC, Hong Kong Branch</b>	41/F, Cheung Kong Center 2 Queen's Road Central Hong Kong
<b>ICBC International Securities Limited</b>	37/F, ICBC Tower 3 Garden Road Hong Kong

(2) or any of the following branches of the Receiving Bankers:

**The Hongkong and Shanghai Banking Corporation Limited**

	<b>Branch Name</b>	<b>Address</b>
<b>Hong Kong Island:</b>	Hong Kong Office	Level 3, 1 Queen's Road Central
	North Point Branch	G/F, Winner House, 306-316 King's Road, North Point
	Des Voeux Road Central Branch	China Insurance Group Bldg 141 Des Voeux Road Central
	Hopewell Centre Branch	Shop 2A, 2/F, Hopewell Centre 183 Queen's Road East Wan Chai
<b>Kowloon:</b>	Kwun Tong Branch	No. 1, Yue Man Square, Kwun Tong
	Mong Kok Branch	Basement & U/G, 673 Nathan Road, Mong Kok
	Whampoa Garden Branch	Shop No. G6 & 6A, G/F Site 4, Whampoa Garden
<b>New Territories:</b>	Shatin Plaza Branch	Shop 49, Level 1, Shatin Plaza 21-27 Sha Tin Centre Street Sha Tin
	Tai Wai Branch	Shops 42-44, MTR Tai Wai Station, Sha Tin
	Kingswood Ginza Branch	G/F Phase II, Kingswood Ginza Tin Shui Wai

## Standard Chartered Bank (Hong Kong) Limited

	Branch Name	Address
<b>Hong Kong Island:</b>	Quarry Bay Branch	G/F, Westlands Gardens 1027 King's Road, Quarry Bay
	88 Des Voeux Road Branch	88 Des Voeux Road Central Central
	Hennessy Road Branch	399 Hennessy Road, Wanchai
<b>Kowloon:</b>	68 Nathan Road Branch	Basement, Shop B1, G/F Golden Crown Court 66-70 Nathan Road, Tsimshatsui
	Mei Foo Manhattan Branch	Shop Nos. 07 & 09 Ground Floor, Mei Foo Plaza Mei Foo Sun Chuen
	Tsimshatsui Branch	G/F, 10 Granville Road Tsimshatsui
<b>New Territories:</b>	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza 298 Sha Tsui Road, Tsuen Wan
	New Town Plaza Branch	Shops 215, 222 and 223, Phase 1 2/F New Town Plaza, Shatin

Copies of the Prospectus, together with the **YELLOW** Application Forms, may be obtained during normal business hours from 9:00 a.m. on Monday, 28 May 2012 until 12:00 noon on Thursday, 31 May 2012 from the **Depository Counter of HKSCC** at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong or your stockbroker may also have copies of the Prospectus and **YELLOW** Application Forms available.

Applicants applying by **HK eIPO White Form** may submit their applications to the **HK eIPO White Form** Service Provider through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk) from 9:00 a.m. on Monday, 28 May 2012 until 11:30 a.m. on Thursday, 31 May 2012 (24 hours daily, except on the last application day) or such later time as described in the section headed "How to Apply for Hong Kong Offer Shares — Effect of Bad Weather on the Opening of the Application Lists" in the Prospectus.

CCASS Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 28 May 2012 until 12:00 noon on Thursday, 31 May 2012.

Please refer to the sections headed “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” in the Prospectus for details of the conditions and procedures of the Hong Kong Public Offering.

The Company expects to publish the announcement on the Offer Price, the number of Offer Shares, the number of New Shares and the number of Sale Shares (before any exercise of the Over-allotment Option), an indication of the level of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on Wednesday, 6 June 2012 in the *South China Morning Post* (in English) and the *Hong Kong Economic Times* (in Chinese), on the Company’s website at [www.graffdiamonds.com](http://www.graffdiamonds.com) and the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

Results of allocations in the Hong Kong Public Offering, and the identification document numbers and Hong Kong business registration numbers of successful applicants (where appropriate) will be made available at the times and date and in the manner as described in the section headed “How to Apply for Hong Kong Offer Shares — Publication of Results” in the Prospectus.

Dealings in the Shares on the Hong Kong Stock Exchange are expected to commence at 9:00 a.m. on Thursday, 7 June 2012. The Shares will be traded in board lots of 100 Shares each. The Company will not issue temporary documents of title. No receipt will be issued for application monies paid.

By Order of the Board of Directors  
**Graff Diamonds Corporation**  
**Laurence Graff**  
*Chairman*

Hong Kong, 28 May 2012

*As at the date of this announcement, our Directors are Laurence GRAFF, François GRAFF and Nicholas PAINE as executive Directors, and Douglas DAFT, Graeme JACK, Manuel Lino SILVA DE SOUSA-OLIVEIRA and Philippe PASCAL as independent non-executive Directors.*

*Please also refer to the published version of this announcement in the **South China Morning Post** (in English) and the **Hong Kong Economic Times** (in Chinese).*