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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)*

### **FURTHER POSTPONEMENT OF RELEASE OF AUDITED FINAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2002 AND DESPATCH OF 2002 ANNUAL REPORT AND FINANCIAL STATEMENTS**

On 28 January 2003, the Company announced its unaudited final results for the year ended 30 September 2002.

In the announcement of 28 January 2003 (the “Announcement”), it was stated that the announcement of the audited final results of the Group for the year ended 30 September 2002 and the despatch of the 2002 annual report including the audited financial statements of the Company would be postponed to on or before 3 March 2003 and 10 March 2003, respectively. Since the date of the announcement, the auditors of the Company have tendered their resignation at the request of the Company under section 140A of the Companies Ordinance for the reasons stated below. The Directors intend to appoint another firm of auditors to fill the casual vacancy arising from the resignation of the existing auditors of the Company. In view of the change of auditors of the Company, the Directors expect that the announcement of the Audited Final Results and the despatch of the 2002 annual report including the audited financial statements of the Company will be further postponed to on or before 30 April 2003 and 7 May 2003, respectively.

The delay in publication of the Audited Final Results and the despatch of the 2002 annual report and the audited financial statements constitute breaches of paragraphs 8(1), 8(2) and 11(1) of the Listing Agreement. The Stock Exchange reserves its right to take action against the Company and/or its Directors.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

## **THE ANNOUNCEMENT OF 28 JANUARY 2003**

At the time of the announcement of 28 January 2003 (the “Announcement”), the Company’s auditors, Ernst & Young, stated that more time was required to complete certain audit procedures (including outstanding audit work on the testing of system of internal controls, alternative audit procedures for unconfirmed balances and subsequent event review procedures) and to obtain certain audit confirmation replies, (including certain bank confirmations in respect of bank fixed deposit, debtors confirmation, creditors confirmation and deposit paid to suppliers confirmation), in order for them to finalise their audit of the final results of the Group for the year ended 30 September 2002.

It was envisaged in the Announcement that, subject to the finalisation of the audit by the auditors on or before 28 February 2003, the Directors expected that (i) the Audited Final Results would be available for the Directors to consider and approve on or before 28 February 2003; (ii) the announcement of the Audited Final Results will be made on or before 3 March 2003; (iii) the 2002 annual report and audited financial statements of the Company will be despatched on or before 10 March 2003; and (iv) the annual general meeting of the Company will be held on or about 4 April 2003.

## **FURTHER POSTPONEMENT OF RELEASE THE AUDITED FINAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2002 AND DESPATCH OF 2002 ANNUAL REPORT AND FINANCIAL STATEMENTS**

The Directors announce that their approval of the Audited Final Results, the publication of the Audited Final Results in newspapers and the despatch of the 2002 annual report and audited financial statements of the Company and the Group will be further delayed due to the existing auditors being unable to complete the necessary audit procedures within the time for publication of the Audited Final Results as stated in the Announcement because a number of outstanding documents are yet to be made available to them, such outstanding audit procedures are more particularly described in the paragraph headed “The announcement of 28 January 2003” of this announcement. In view of this, the existing auditors have tendered their resignation to the Company on 11 February 2003 at the request of the Company. The Directors are in the process of considering various firms of auditors to fill the casual vacancy arising from such resignation, but no decision has yet been made on the firm to be proposed for appointment. A separate announcement will be made as soon as practicable upon the appointment of a new firm of auditors of the Company by the Directors.

The Directors (including the independent non-executive Directors) and Kingston have confirmed that as at the date of this announcement and so far as the Directors (including the independent non-executive Directors) and Kingston are aware, there are no circumstances connected with the resignation of the existing auditors of the Company which shall be brought to the attention of the shareholders and the creditors of the Company and its subsidiaries and the Company has not been notified by the auditors of the Company that the audited final results of the Company for the year ended 30 September 2002 will be qualified. Ernst & Young have confirmed in their resignation letter to the Company that apart from the background of their resignation (which are referred to in the preceding paragraph of this announcement), there are no circumstances connected

with their resignation which they consider should be brought to the attention of the members or creditors of the Group. The Directors (including the independent non-executive Directors) have confirmed that the management of the Company and the existing auditors of the Company do not have any matter in dispute.

Subject to the appointment of a new firm of auditors, the Directors expect that (i) the Audited Final Results will be available for the Directors to consider and approve on or about 30 April 2003; (ii) an announcement of the Audited Final Results will be made on or about 30 April 2003; (iii) the 2002 annual report and audited financial statements of the Company will be despatched on or about 7 May 2003; and (iv) the annual general meeting of the Company will be held on or about 2 June 2003.

The delay in publication of the Audited Final Results and the despatch of the 2002 annual report and the audited financial statements constitute breaches of paragraphs 8(1), 8(2) and 11(1) of the Listing Agreement. The Stock Exchange reserves its right to take action against the Company and/or its Directors.

## **GENERAL**

The Directors (including the independent non-executive Directors) confirmed that they have not been dealing in any shares of the Company since 28 December 2002 and has undertaken that they will not deal in any shares of the Company until the Audited Final Results are published.

Kingston has confirmed to the Stock Exchange that after performing all necessary due diligence, it is satisfied that the proceeds of the New Issue have, to the extent used, been applied for the purposes stated in the Prospectus. The Directors (including the independent non-executive Directors) confirmed that the sum of HK\$15.7 million raised by the Company under the New Issue had been utilised as at the date of this announcement as to HK\$10.3 million, for the acquisition of plant and machinery, as to HK\$3 million, for expansion of the Group's marketing force and as to HK\$2.4 million, for the development of new products. The remaining balance of HK\$23.3 million of the net proceeds of the New Issue had not been utilised and were placed on short term deposits with a bank in Hong Kong.

As at 31 January 2003, the Group had aggregate banking facilities of HK\$26 million, of which about HK\$17.3 million had been drawn down. The Directors (including the independent non-executive Directors) further confirm that they are not aware of any material adverse changes to the financial position of the Group since 31 January 2002, the date to which the latest audited financial statements of the Group were made up. No obsolete inventory have been identified by the Directors (including the independent non-executive Directors) since 31 January 2002 and the Directors (including the independent non-executive Directors) have confirmed that no provision has been or is required to be made for any obsolete or slow-moving inventory. In addition, the Directors (including the independent non-executive Directors) are satisfied that the Group has not encountered any difficulties in the collection of trade receivables since 31 January 2002 and no provision has been or is required to be made for any bad or doubtful debts for its trade receivables.

The Company advises its shareholders and potential investors to exercise caution when dealing in the Company's shares.

## **DEFINITIONS**

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

“Audited Final Results”	the audited final results of the Group for the year ended 30 September 2002
“Company”	Ming Fung Jewellery Group Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“Directors”	the board of directors of the Company
“Group”	the Company and its subsidiaries
“Kingston”	Kingston Corporate Finance Limited, an investment adviser registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong) and the sponsor to the listing of the Company on the Stock Exchange
“New Issue”	the new issue of 111,800,000 shares of HK\$0.01 each in the capital of the Company at the offer price of HK\$0.36 in connection with the listing of the Company on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board  
**WONG Chi Ming, Jeffry**  
*Chairman*

Hong Kong, 19 February 2003

*\* For identification only*

Please also refer to the published version of this announcement in the Standard.