

Lukfook to buy 50 percent stake in China Gold Silver Group

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Hong Kong-based retailer Luk Fook Holdings (International) Ltd plans to acquire a 50 percent stake in China Gold Silver Group Co Ltd (CGS) for HK\$301.046 million (\$38.836 million). CGS is the principal operating subsidiary of Hong Kong Resources Holdings, which has more than 400 jewellery retail and franchise businesses under the brand name 3D-GOLD in Hong Kong, Macau and China.

On November 5, Lukfook entered into a legally non-binding memorandum of understanding with Hong Kong Resources Holdings regarding the planned acquisition.

If the transaction pushes through, Luk Fook and Hong Kong Resources will also invest at least HK\$150 million each in expanding China Gold Silver's business.

Lukfook will also provide CGS with consultancy services in relation to the operation of 3D-GOLD's business for an initial period of three years. The consultancy fee will be payable annually. In addition, Lukfook will supply raw materials or finished products to CGS.

"The group is very delighted to enter into the proposed acquisition. With Lukfook's expertise in the jewellery retail sector as well as brand management, we are confident in enhancing the 3D-GOLD brand and its retail network. Moreover, it is believed that the partnership of two prominent brands with similar business concepts will create effective synergy to facilitate both parties' long-term development, enhance our competitiveness and achieve further economies of scale. This is an important win-win milestone for both parties," said Wong Wai Sheung, chairman and chief executive of Lukfook.

Wong continued, "Upon the completion of the acquisition, CGS will become an associated company of the group, and the group has the right to appoint its chief executive officer to manage its overall businesses and operations. At the same time, the group will become CGS's supplier. This will help expand our wholesale business and bring in long-term benefits. We will continue to keep abreast of the times, so as to foster the group's long-term development and offer sustainable returns to shareholders."

<http://www.jewellerynewsasia.com/en/News/9126/Lukfook-to-buy-50-percent-stake-in-China-Gold-Silver-Group.html>

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