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LETTER OF INTENT

Reference is made to the announcement of Ming Fai International Holdings Limited (the “**Company**”) dated 31 May 2016 in relation to, among others, possible disposal of property.

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 1 August 2016 (after trading hours of the Stock Exchange), a wholly-owned subsidiary of the Company East Pearl Assets Limited (“**Vendor**”) entered into a non-legally binding letter of intent (the “**LOI**”) with a potential purchaser (“**Purchaser**”) in relation to the possible disposal (the “**Possible Disposal**”) of the entire issued share capital of Chartered Properties Limited (“**CPL**”), a company incorporated in Hong Kong with limited liability whose sole asset comprises commercial properties with gross floor area of approximately 15,451 square feet and two car parking spaces in Hong Kong (the “**Property**”) located at Office Units 501, 502, 503, 505 and 506 on the 5th Floor, Low Block, Grand Millennium Plaza, No. 181 Queen’s Road Central, Hong Kong and car parking spaces numbers 331 and 332 on the 3rd Floor, High Block, Grand Millennium Plaza, No. 181 Queen’s Road Central, Hong Kong.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser is a third party independent of and not connected with the Company or any of its subsidiaries and its connected persons (as defined under the Listing Rules) as at the date of this announcement.

PRINCIPAL TERMS OF THE LOI

Consideration for the Possible Disposal

The consideration (the “**Consideration**”) for the Possible Disposal is HK\$263,000,000, payable by the Purchaser in the following manner:

- (1) upon signing of the Letter of Intent, an earnest money and initial deposit (“**Earnest Money and Initial Deposit**”) in the amount of HK\$10,000,000 has been paid by the Purchaser to the Vendor’s solicitors;
- (2) a further deposit of a sum equivalent to 10% of the Consideration (being HK\$26,300,000, inclusive of the Earnest Money and Initial Deposit) shall be paid to the Vendor’s solicitors upon execution of a formal sale and purchase agreement for the Possible Disposal (“**Sale and Purchase Agreement**”); and
- (3) the balance of the Consideration (being HK\$236,700,000, 90% of the Consideration) shall be paid to the Vendor upon completion of the Sale and Purchase Agreement, which will take place 3 months after signing of the Sale and Purchase Agreement.

The Earnest Money and Initial Deposit shall be returned, without interest, to the Purchaser without delay if, for any reasons, either the Purchaser or the Vendor do not execute the Sale and Purchase Agreement with each other.

The consideration was arrived at after arm’s length negotiation between the Purchaser and the Vendor after taking into account, the recent market conditions of the property market in Hong Kong.

Exclusivity Period

During the period of 30 days from the date of signing of the LOI (the “**Exclusivity Period**”), the Purchaser has an exclusive right for the Possible Disposal in order to carry out due diligence investigation on CPL and the Property and to negotiate and finalize the Sale and Purchase Agreement.

In the event that the Purchaser and the Vendor do not enter into the Sale and Purchase Agreement for the Possible Disposal upon the expiry of the Exclusivity Period, the LOI shall lapse and all the obligations of the Purchaser and the Vendor shall cease, save for the return of the Earnest Money and Initial Deposit to the Purchaser.

REASONS FOR AND BENEFITS OF THE POSSIBLE DISPOSAL

The Group is principally engaged in manufacturing and sales of amenity products and accessories and the distribution and retail business of cosmetics and fashion accessories in the People’s Republic of China.

The Vendor, a wholly-owned subsidiary of the Company, is an investment holding company incorporated in the British Virgin Islands, which owns the entire issued share capital of CPL whose sole asset comprises the Property.

The Directors considered that the Possible Disposal enables the Company to realize cash and unlock the value in its investment in the Property at fair market value. The net proceeds to be received by the Vendor from the Disposal will improve the overall cash position of the Company for working capital purpose as well as for future opportunities that may arise.

The Directors considered that the LOI is of normal commercial terms, fair and reasonable, and the Possible Disposal is in the interests of the Company and its shareholders as a whole.

GENERAL

The LOI is not intended to be legally binding (save for certain provisions such as the provisions on the Consideration, terms of payment and exclusivity). If the parties proceed with the Possible Disposal, the Vendor will enter into the Sale and Purchase Agreement with the Purchaser in respect of the Possible Disposal. The Possible Disposal, if materialize, may constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

The Board wishes to emphasize that the Possible Disposal may or may not proceed and that the Company or the Vendor has not entered into any legally binding agreement in relation to the Possible Disposal as at the date of this announcement. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. The Company will make further announcement in respect of the Possible Disposal as and when appropriate in compliance with the Listing Rules.

By Order of the Board
Ming Fai International Holdings Limited
CHING Chi Fai
Chairman

Hong Kong, 1 August 2016

As at the date of this announcement, the executive Directors are Mr. CHING Chi Fai, Mr. CHING Chi Keung, Mr. LIU Zigang, Mr. CHING Tsun Wah and Mr. KEUNG Kwok Hung; the non-executive Director is Ms. CHAN Yim Ching; and the independent non-executive Directors are Mr. HUNG Kam Hung Allan, Mr. MA Chun Fung Horace, Mr. NG Bo Kwong and Mr. SUN Yung Tson Eric.