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(Incorporated in Cayman Islands with limited liability)

(Stock code : 3828)

MAJOR TRANSACTION DISPOSAL OF A SUBSIDIARY

Further to the announcement of the Company dated 1 August 2016, the Board is pleased to announced that on 29 August 2016, (after trading hours of the Stock Exchange), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser in relation to the Disposal, superseding the Letter of Intent. Pursuant to the Sale and Purchase Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares and the Sale Loan for a Consideration of HK\$263,000,000 in cash. The Sale Shares represent the entire issued share capital of CPL. Details of the Sale and Purchase Agreement are set out below.

As one of the applicable percentage ratios (as defined in the Listing Rules) calculated in accordance with Rule 14.07 of the Listing Rules exceed 25% but are less than 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

A circular containing, *inter alia*, further details of the Disposal and a notice of the EGM will be despatched to the Shareholders as soon as practicable and not later than 15 business days from the publication of this announcement.

Shareholders and investors should note that the Disposal are subject to, *inter alia*, Shareholders' approval at the EGM and therefore the Disposal may or may not be effected. As such, Shareholders and investors are urged to exercise caution when dealing in the Shares.

INTRODUCTION

Reference is made to the announcement dated 1 August 2016 regarding the Letter of Intent in relation to the possible disposal of Sale Shares subject to the entering into of a formal sale and purchase agreement.

The Board is pleased to announced that on 29 August 2016, (after trading hours of the Stock Exchange), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser in relation to the Disposal, superseding the Letter of Intent. Pursuant to the Sale and Purchase Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares and the Sale Loan for a Consideration of HK\$263,000,000 in cash.

SALE AND PURCHASE AGREEMENT

Set out below are the principal terms of the Sale and Purchase Agreement:

Date : 29 August 2016

Parties : Vendor, an indirect wholly-owned subsidiary of the Company
Purchaser
The Company
CPL

Assets to be disposed of

The assets to be disposed of comprise the Sale Shares and the Sale Loan.

The Sale Shares represent the entire issued share capital of CPL. The Sale Loan represent all amounts of the outstanding shareholders' loans owing from CPL to the Vendor as at the Completion Date. The amount of the Sale Loan as at the date of this announcement is HK\$105,347,432. Apart from the Sale Loan, there are no other shareholders' loans owing from CPL to the Group.

CPL is incorporated in Hong Kong with limited liabilities and is an indirect wholly-owned subsidiary of the Company, which in turn, owns the entire interest in the Property which comprises commercial properties with gross floor area of approximately 15,451 square feet and two car parking spaces in Hong Kong 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. 183 Queen's Road Central, Hong Kong respectively, all of which are subject to existing tenancy arrangements. The principal activity of CPL is holding of the Property.

The Property was acquired by CPL in 2009, part of which was utilized as head office and principal place of business in Hong Kong from 2009 to 2012 and the remaining part was used as investment property. Since it ceased to be the head office and principal place of business in Hong Kong in 2012, the entire Property became solely an investment property for generating rental income. The Property was valued at HK\$197,600,000 as at 31 December 2015 and currently generates gross rental income of HK\$585,007 per month.

The following information is extracted from the audited financial statements of CPL for the two financial years ended 31 December 2015 and 2014:

	2015	2014
	<i>HK\$</i>	<i>HK\$</i>
Net asset value	67,636,963	65,817,471
Net profits before taxation	1,963,776	1,732,287
Net profits after taxation	1,819,492	1,571,788

Consideration and payment terms

The Consideration for the Disposal is HK\$263,000,000 in cash of which the consideration for the Sale Loan shall be an amount equal to the amount of the Sale Loan on the Completion Date on a dollar-for-dollar basis and the consideration for the Sale Shares shall be HK\$263,000,000 less the amount of the Sale Loan.

The Consideration has been / shall be payable by the Purchaser in the following manner:

- (1) a Further Deposit of HK\$26,300,000 (inclusive of the Initial Deposit of HK\$10,000,000 paid on 1 August 2016 upon the signing of the Letter of Intent) has been paid to the Vendor's solicitors as stakeholders upon the signing of the Sale and Purchase Agreement; and
- (2) the remaining balance of the Consideration shall be paid to the Vendor in one lump sum upon Completion.

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.

Conditions

Completion of the Disposal is conditional upon, among others, (a) (if required) the approval of the Disposal by the Shareholders at the EGM to be convened or the obtaining of written approval in lieu of the abovementioned EGM in accordance with the requirements of the Listing Rules and (b) any other necessary approval from the Stock Exchange, on or before the Completion Date.

If the Conditions cannot be fulfilled on or before Completion Date, the Sale and Purchase Agreement will become null and void and of no further effect and the Vendor shall return the Deposits to the Purchaser without any interest and none of the parties shall have any claim against the other for costs, damages, compensation and otherwise, save for any claim by the relevant party against the other party arising from an antecedent breach of the Sale and Purchase Agreement by the other part.

Guarantee

The Company as the guarantor agreed to guarantee the performance of all obligations of the Vendor under the Sale and Purchase Agreement.

Completion

Subject to fulfilment of the Conditions, Completion shall take place on or before 30 November 2016.

INFORMATION OF THE PURCHASER

The Purchaser is principally engaged in writing motor insurance business. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties 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.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in manufacturing and distribution of amenity products and distribution and retail business of cosmetics and fashion accessories.

The Vendor, an indirect wholly-owned subsidiary of the Company, is an investment holding company which owns the entire issued share capital of CPL whose major asset comprises the Property.

The Directors considered that the Disposal enables the Company to realize cash and unlock the value in its investment in the Property at fair market value.

The Directors considered that the Sale and Purchase Agreement is of normal commercial terms, fair and reasonable, and the Disposal is in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Following Completion, CPL will cease to be a subsidiary of the Company and the financial results of CPL will cease to be consolidated into those of the Company.

The Disposal is expected to realize a net gain of approximately HK\$10,633,000 for the Group which excluded the fair value gains as a result of the revaluation of the Property, being the difference between (i) the Consideration of HK\$263,000,000; and (ii) the adjusted net asset value of CPL based on the management accounts of CPL as of 30 June 2016 and together with the related legal costs, commission and expenses of the Disposal of approximately HK\$252,367,000.

USE OF PROCEEDS

The net proceeds to be received by the Vendor from the Disposal will improve the overall cash position of the Group for general working capital purpose as well as for future opportunities that may arise.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined in the Listing Rules) calculated in accordance with Rule 14.07 of the Listing Rules exceed 25% but are less than 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

An EGM will be convened to consider and, if thought fit, to approve the Disposal. To the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Disposal.

The Company expects that a circular containing, inter alia, further details of the Disposal and a notice of the EGM will be despatched to the Shareholders as soon as practicable and not later than 15 business days from the publication of this announcement.

Shareholders and investors should note that the Disposal are subject to, *inter alia*, Shareholders' approval at the EGM and therefore the Disposal may or may not be effected. As such, Shareholders and investors are urged to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Ming Fai International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of Stock Exchange
“Completion”	Completion of the Disposal
“Completion Accounts”	the unaudited accounts of CPL for the period from 1 January 2016 to the Completion Date
“Completion Date”	the date of Completion, being 30 November 2016 or such other date as parties may mutually agree in writing
“Conditions”	the conditions precedent to Completion
“Consideration”	consideration payable by the Purchaser to the Vendor for the sale and purchase of the Sale Shares and the Sale Loan pursuant to Sale and Purchase Agreement
“CPL”	Chartered Properties Limited, a company incorporated in Hong Kong with limited liabilities
“Deposits”	collectively, the Initial Deposit and the Further Deposit
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan subject to such terms and conditions as set out in the Sale and Purchase Agreement

“EGM”	the extraordinary general meeting of the Company to be held for the purpose of approving, <i>inter alia</i> , the Disposal and the transaction contemplated under the Sale and Purchase Agreement
“Further Deposit”	the sum of HK\$26,300,000 (being inclusive of the Initial Deposit) paid by the Purchaser to the Vendor’s solicitors as stakeholders upon the signing of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules
“Initial Deposit”	the sum of HK\$10,000,000 paid by the Purchaser to the Vendor’s solicitors on 1 August 2016
“Letter of Intent”	the letter of intent entered into between the Vendor and the Purchaser dated 1 August 2016
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	commercial properties with gross floor area of approximately 15,451 square feet and two car parking spaces in Hong Kong 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. 183 Queen’s Road Central, Hong Kong.
“Purchaser”	Target Insurance Company, Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Target Insurance (Holdings) Limited, the issued shares of which are listed on the main board of Stock Exchange (Stock Code: 6161)

“Sale and Purchase Agreement”	the agreement entered into between the Vendor and the Purchaser dated 29 August 2016 for, among other things, the sale and purchase of the Sale Shares and the Sale Loan
“Sale Loan”	all the loans advanced by the Vendor to CPL and currently due and owing by CPL to the Vendor or the outstanding thereof as at the Completion Date
“Sale Shares”	100,000 ordinary shares representing the entire issued share capital of CPL, owned entirely by the Vendor
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	East Pearl Assets Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company

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

Hong Kong, 29 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.

** for identification purpose only*