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Mingfa Group (International) Company Limited

明發集團（國際）有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 846)

CONNECTED TRANSACTION

DISPOSAL OF PROPERTY

PROVISIONAL SALE AND PURCHASE AGREEMENT

The Board announces that on 22 September 2014, the Vendor, a wholly-owned subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with Mr. Huang, pursuant to which the Vendor agreed to sell and Mr. Huang agreed to purchase the Property at the consideration of HK\$130,000,000.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Huang is an executive director of the Company as at the date of this announcement, and is therefore a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Disposal exceeds 0.1% but are less than 5%, the Disposal is subject to the announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that on 22 September 2014, the Vendor, a wholly-owned subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with Mr. Huang, pursuant to which the Vendor agreed to sell and Mr. Huang agreed to purchase the Property at the consideration of HK\$130,000,000.

PROVISIONAL SALE AND PURCHASE AGREEMENT

Principal terms are set out below:

Date	22 September 2014
Parties	(i) Mingfa Property Investment Company Limited, a wholly-owned subsidiary of the Company (as Vendor) (ii) Mr. Huang (as Purchaser)

Assets to be disposed of

The Property with leasehold improvement is a residential property located in Sai Kung, Hong Kong and has been used by the Vendor as staff quarter of the Company.

The book value of the Property and leasehold improvement was approximately HK\$76,045,089 as at 31 December 2013. No income or revenue had been generated since the acquisition of the Property by the Vendor.

Consideration and payment terms

The consideration of HK\$130,000,000 has been paid or shall be payable by Mr. Huang to the Vendor in the following manner:

- (1) initial deposit in the sum of HK\$65,000,000 has been paid upon signing the Provisional Sale and Purchase Agreement; and
- (2) balance of the Consideration in the sum of HK\$65,000,000 shall be paid upon Completion which is expected to take place on or before 28 November 2014.

The Consideration was arrived at after arm's length negotiations between Mr. Huang and the Vendor on normal commercial terms after taking into account relevant factors, including the market prices of comparable properties of similar size, character and location of the Property. The Board is of the view that the Consideration is in line with the market values and recent transaction records of comparable properties.

The Vendor and Mr. Huang shall sign a formal agreement for sale and purchase on or before 6 October 2014.

Completion

Completion is expected to take place on or before 28 November 2014.

INFORMATION ON THE GROUP

The Company, a leading developer and operator of mega malls in PRC, enjoys leading market position and brand recognition in Fujian and Jiangsu Provinces. Since its establishment in 1994, the Group has achieved its reputation through developing a wide range of properties including commercial complexes, residential properties, industrial complexes and hotels. The Group now boasts a diversified portfolio in total of 50 titled projects across 12 provinces in the PRC and Taiwan at various stages of development. The Group continues to focus on developing mega malls and integrated residential properties in affluent second-tier and third-tier cities, while actively exploring opportunities in tier-one cities in China.

INFORMATION ON THE PARTIES

The Vendor is a wholly-owned subsidiary of the Company, incorporated in Hong Kong with limited liability, principally engaged in investment holding.

Mr. Huang is an executive director of the Company, and hence a connected person as defined under the Listing Rules.

REASONS FOR AND FINANCIAL EFFECT OF THE DISPOSAL

In view of the recent appreciation of property prices in Hong Kong, the Board considers that it is a good opportunity to dispose of the Property. The Directors, including the independent non-executive Directors, are of the view that the terms of the Provisional Sale and Purchase Agreement and the Disposal are fair and reasonable and on normal commercial terms and in the interests of the Company and the shareholders of the Company as a whole.

It is estimated that upon Completion, the net gain after deducting from the Consideration the relevant book value of the Property and related costs and expenses of the Disposal, including but not limited to legal charge and leasehold improvement (approximately HK\$2,238,000), is expected to be approximately HK\$127,762,000.

The Board intends to use the net proceeds arising from the Disposal as general working capital and additional fund for future development.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Huang is an executive director of the Company as at the date of this announcement, and is therefore a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Disposal exceeds 0.1% but are less than 5%, the Disposal is subject to the announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Disposal and the Provisional Sale and Purchase Agreement was approved by the Board. Mr. Wong Wun Ming, Mr. Huang Qingzhu, Mr. Huang Lianchun (who are brothers of Mr. Huang) and Mr. Huang are considered to have material interest in the Disposal and have abstained from voting at the Board meeting to approve the Disposal and the Provisional Sale and Purchase Agreement. Save as disclosed, none of the Directors has material interest in the Disposal and none of them is required to abstain from voting at the relevant Board meeting.

DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Mingfa Group (International) Company Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 846);
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Provisional Sale and Purchase Agreement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	HK\$130,000,000, being the aggregate consideration of the Disposal;
“Director(s)”	the directors of the Company;
“Disposal”	the disposal of the Property by the Vendor to Mr. Huang in accordance with the terms and conditions of the Provisional 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;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Huang”	Mr Huang Li Shui, executive director of the Company, a brother of Mr Wong Wun Ming, Mr. Huang Qingzhu and Mr. Huang Lianchun;
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan);
“Property”	house no. 1, including the swimming pool and the terrace on ground floor appurtenant thereto and car parking space Nos. 1, 2 and 3 on lower ground floor, No. 10 Kam Shue Road, Lot No. 1198 in demarcation district No. 253, Sai Kung, New Territories, Hong Kong;
“Provisional Sale and Purchase Agreement”	the provisional sale and purchase agreement dated 22 September 2014 entered into between the Vendor and Mr. Huang in respect of the sale and purchase of the Property at the Consideration;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Vendor” Mingfa Property Investment Company Limited 明發物業投資有限公司, a wholly-owned subsidiary of the Company and a company incorporated in Hong Kong with limited liability;

“%” per cent.

On behalf of the Board
Mingfa Group (International) Company Limited
WONG WUN MING
Chairman and Executive Director

Hong Kong, 22 September 2014

As at the date of this announcement, the Board comprises:

Executive Directors: Mr. Wong Wun Ming, Mr. Huang Qingzhu, Mr. Huang Lianchun and Mr. Huang Li Shui

Independent Non-Executive Directors: Mr. Dai Yiyi, Mr. Qu Wenzhou and Mr. Lau Kin Hon