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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: 00846)

HIGH CONCENTRATION OF SHAREHOLDING

This announcement is made at the request of the Stock Exchange in respect of the concentration of the shareholding of the Company in the hands of a limited number of Shareholders as at 23 June 2014.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) in respect of the concentration of the shareholding of Mingfa Group (International) Company Limited (“**Company**”) in the hands of a limited number of shareholders of the Company (“**Shareholders**”) as at 23 June 2014.

The Company noted that an announcement (“**SFC Announcement**”) has been published by Securities and Futures Commission (“**SFC**”) on 17 July 2014. As disclosed in the SFC Announcement, the SFC has recently completed an enquiry into the shareholding of the Company. Its findings suggested that, as at 23 June 2014, a group of 11 Shareholders held an aggregate of 846,516,000 ordinary shares of HK\$0.1 each in the share capital of the Company (“**Shares**”), representing approximately 13.89% of the issued Shares. Such shareholding, together with 5,100,000,000 Shares (representing 83.69% of the issued Shares) held by the Company’s substantial shareholder and director, represented 97.58% of the issued Shares as at 23 June 2014. Therefore, only 146,935,026 Shares (representing 2.42% of the issued Shares) were held by other shareholders.

As disclosed in the SFC Announcement, as at 23 June 2014, the shareholding structure of the Company was as follows:

	Number of Shares held (Shares)	% of total number of issued Shares (%)
Galaxy Earnest Limited (<i>Note 1</i>)	5,086,500,000	83.47
Mr. Wong Wun Ming (<i>Note 2</i>)	13,500,000	0.22
A group of 11 shareholders	846,516,000	13.89
Other shareholders	146,935,026	2.42
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Total	6,093,451,026	100.00

Note 1: Galaxy Earnest Limited is wholly-owned by Growing Group Limited, Gainday Holdings Limited, Tin Sun Holdings Limited and Better Luck Group Limited in the respective proportions of 55%, 15%, 15% and 15%. As such, pursuant to the Securities and Futures Ordinance (“SFO”), Growing Group Limited is deemed to have the same interest in the Company in which Galaxy Earnest Limited is currently interested. Mr. Wong Wun Ming owns 100% interest in the issued share capital of Growing Group Limited and therefore he is deemed to be interested in these 5,086,500,000 Shares pursuant to the SFO.

Galaxy Earnest Limited have pledged (1) an aggregate of 1,246,094,000 Shares, which represents approximately 20.45% of the total issued share capital of the Company, to note holders pursuant to a share charge executed in May 2012 involving 587,915,000 Shares and pursuant to a note purchase agreement executed in December 2013 involving 658,179,000 Shares; these shares are held by Cinda International Securities Limited as a security agent; and (2) an aggregate of 300,000,000 Shares, which represents approximately 4.92% of the total issue share capital of the Company, to Haitong International Finance Company Limited pursuant to a facility agreement signed in May 2013.

Note 2: Mr. Wong Wun Ming is the Chairman and Executive Director of the Company.

Note 3: Galaxy Earnest Limited and Cinda International Securities Limited has executed a deed of release (relating to a deed of share charge dated 22 May 2012) on 2 July 2014 to release the 587,915,000 Shares as mentioned in Note 1.

During the period from 30 May 2014 to 25 June 2014, the share price of the Company increased 50.0% from the closing price of \$1.86 on 29 May 2014 to the closing price of \$2.79 on 25 June 2014. As at 16 July 2014, the share price closed at \$2.15, representing an increase of 15.6% from the closing price of \$1.86 on 29 May 2014.

The board (“**Board**”) of directors of the Company (“**Directors**”) wishes to clarify that, other than *Note 3*, the above information is extracted from the SFC Announcement and the Company is not in a position to comment on its accuracy. The Company has added *Note 3* to the above and of the relevant information was disclosed in the forms of disclosure of interests filed on 4 July 2014. To the Directors’ best knowledge having made all reasonable enquiries, the Company confirms that the group of 11 Shareholders which was mentioned in the SFC Announcement are independent of and not connected or acting in concert with (i) the directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; or (ii) Galaxy Earnest Limited, Mr. Wong Wun Ming, an executive Director, and parties acting in concert with any of them.

PUBLIC FLOAT

Based on the information available and to the Directors' best knowledge after making all reasonable enquiries, as at 23 June 2014 and the date of this announcement, Galaxy Earnest Limited (being a controlling Shareholder) held and still holds 5,086,500,000 Shares, representing approximately 83.47% of the issued Shares.

The Stock Exchange has exercised its discretion under Rule 8.08(1)(d) of the Rules Governing the Listing of Securities on the Stock Exchange to accept a lower public float percentage of the Company of 15%. Based on the above and to the Directors' best knowledge after making all reasonable enquiries, the Company confirms sufficiency of public float as at the date of this announcement.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

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

Hong Kong, 17 July 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