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**DISCLOSEABLE TRANSACTION –
PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
ALL TEAM GROUP LIMITED AND THE RELATED SHAREHOLDERS’ LOAN**

On 18 May 2010, the Company and Ming Fai Holdings Limited, being a direct wholly-owned subsidiary of the Company, entered into a legally binding Heads of Agreement with Mr. Tu and Greatfaith as vendors whereby it was conditionally agreed that the Purchaser would purchase and Mr. Tu and Greatfaith would sell the Sale Shares, being the entire issued share capital of All Team, and the Shareholders’ Loan. Subject to the Consideration Adjustment, the total consideration payable for the Sale Shares and the Shareholders’ Loan shall be RMB250,000,000, which shall be satisfied as to RMB150,000,000 in cash and as to RMB100,000,000 by the issue of Consideration Shares by the Company.

The maximum number of Consideration Shares which may be issued by the Company under the Agreement (assuming that there is no Consideration Adjustment) is 37,130,293 Consideration Shares, representing approximately 6.19% of the existing issued share capital of the Company and assuming no further Shares shall be issued, approximately 5.83% of the then issued share capital of the Company as enlarged by the issue of the Consideration Shares.

All Team, through its subsidiaries, is engaged in the manufacturing and distribution of cosmetic products and fashion accessories in China. After completion of the Ayaya Acquisition, Guangzhou Ayaya, which is one of the leading distributors of cosmetic products and younger line female fashion accessories in China, will become an indirect wholly-owned subsidiary of All Team.

The applicable percentage ratios in respect of the Acquisition are greater than 5% but less than 25%. Therefore, the Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement requirements but exempt from shareholders’ approval requirement under the Listing Rules.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

* For identification only

THE HEADS OF AGREEMENT

On 18 May 2010, the Company and Ming Fai Holdings Limited, being a direct wholly-owned subsidiary of the Company, entered into the Heads of Agreement with Greatfaith and Mr. Tu as vendors whereby it was conditionally agreed that the Purchaser would purchase and Mr. Tu and Greatfaith would sell the Sale Shares and the Shareholders' Loan. The principal terms of the Heads of Agreement are set out below:

Date: 18 May 2010

Parties:

- (a) The Vendors, namely, Greatfaith and Mr. Tu;
- (b) Ms. Cao, being the guarantor of Greatfaith's obligations under the Heads of Agreement;
- (c) The Purchaser, namely, Ming Fai Holdings Limited, which is a direct wholly-owned subsidiary of the Company;
- (d) The Company; and
- (e) All Team

Greatfaith is an investment holding company for holding Ms. Cao's interest in All Team. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendors and Ms. Cao are third parties independent of and not connected with the Company and its connected persons.

Subject matter of the Acquisition:

The Sale Shares, being 60 shares and 40 shares of US\$1.00 each in the issued share capital of All Team which are owned by Greatfaith and Mr. Tu respectively, represent the entire issued share capital of All Team.

The Shareholders' Loan, being all amounts, whether principal or interest, owing by All Team or its subsidiaries to the Vendors as at Completion.

Please refer to the paragraph headed "Information on the All Team Group" below for further information on the All Team Group.

Consideration:

Subject to the Consideration Adjustment as set out below, the total Consideration shall be RMB250,000,000 (equivalent to approximately HK\$284,975,000, as at the date of the Heads of

Agreement), of which RMB150,000,000 (equivalent to approximately HK\$170,985,000, as at the date of the Heads of Agreement) shall be satisfied in cash and RMB100,000,000 (equivalent to approximately HK\$113,990,000, as at the date of the Heads of Agreement) shall be satisfied by the issue of Consideration Shares by the Company.

The following table illustrates the Consideration payable to each of the Vendors in respect of their respective Sale Shares and Shareholders' Loan:–

Vendor	Percentage of Sale Shares in the issued share capital of All Team	Total consideration (RMB)	Consideration Cash consideration (RMB)	Consideration Shares (Shares)
Greatfaith	60%	150,000,000	90,000,000	22,278,176
Mr. Tu	40%	100,000,000	60,000,000	14,852,117

Subject to the Consideration Adjustment as set out below, the Consideration shall be satisfied in the following manner:–

- (a) 10% of the cash consideration to be paid within 7 business days after the signing of the Heads of Agreement as refundable deposit and part payment of the Consideration upon Completion (the “**Deposit**”);
- (b) the remaining balance of the cash consideration to be paid to the respective Vendors within 7 business days after Completion; and
- (c) RMB100,000,000 to be satisfied by the Purchaser procuring the Company to issue to the Vendors their respective Consideration Shares upon Completion.

Consideration Adjustment:

In the event that the 2011 Audited Profit falls below RMB50,000,000, the Consideration shall be adjusted downwards by the Company recovering (including without limitation, to the extent permitted by law, for repurchase or sale) such number of Consideration Shares calculated in accordance with the formula below:–

$$\text{Number of Consideration Shares to be recovered} = \frac{5 \times (\text{RMB}50,000,000 - \text{2011 Audited Profit}) \times 1.1399 \text{ (being the exchange rate for conversion of RMB into HK\$ at the time of the Heads of Agreement)}}{\text{Issue Price}}$$

(Subject however to a maximum reduction of RMB50,000,000)

For the purpose of the above formula, the 2011 Audited Profit shall be treated as zero if the Company suffers audited consolidated net loss after taxation for the year ending 31 December 2011 and the maximum number of Consideration Shares to be recovered will be 18,565,146 shares.

Conditions precedent:

Completion is conditional upon all of the following conditions precedent being fulfilled (or, in respect of conditions (i) to (iv) and (viii) to (xi) below, waived by the Purchaser) on or before the Long Stop Date:–

- (i) completion of the Ayaya Acquisition to the satisfaction of the Purchaser;
- (ii) the Purchaser being satisfied with the results of the due diligence review (including without limitation, those relating to the financial, legal, business and taxation aspects and future prospects of All Team and its subsidiaries) to be conducted in relation to the transactions contemplated under the Heads of Agreement (or, if applicable, the Formal Agreement);
- (iii) the obtaining of a British Virgin Islands legal opinion (the form and substance of which shall be satisfactory to the Purchaser at its absolute discretion) issued by a firm of British Virgin Islands lawyers appointed by the Purchaser in relation to the Acquisition (including without limitation, the due incorporation of Greatfaith and All Team, their capacity and authority in entering into and performing the Heads of Agreement (or if applicable, the Formal Agreement), the due execution by them and the validity of the Heads of Agreement (or if applicable, the Formal Agreement));
- (iv) the obtaining of a PRC legal opinion (the form and substance of which shall be satisfactory to the Purchaser at its absolute discretion) issued by a firm of PRC lawyers appointed by the Purchaser in relation to the Acquisition (including without limitation, the completion of the Ayaya Acquisition, the due incorporation of All Team's subsidiaries established in the PRC and the business operation of the All Team Group in the PRC);
- (v) if required under the Listing Rules, any applicable laws and/or regulations, the constitutional documents of the Company and/or by the Stock Exchange or other relevant authority, the passing by the shareholders of the Company of resolution(s) approving the transactions contemplated under the Heads of Agreement (or, if applicable, the Formal Agreement), including the acquisition of the Sale Shares and the Shareholders' Loan and the issue of the Consideration Shares;
- (vi) the Company having obtained the approval granted by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares;
- (vii) all other necessary approvals or consents (if any) of the relevant governmental or regulatory authorities or third party for the transactions contemplated in the Heads of Agreement (or, if applicable, the Formal Agreement) having been obtained;

- (viii) All Team having entered into, and having procured its subsidiaries to enter into, employment contracts containing non-competition provisions and such other terms as approved by the Purchaser with their senior management personnel;
- (ix) all the representations, undertakings, confirmation and warranties given by the Vendors under the Heads of Agreement (or, if applicable, the Formal Agreement) remaining true and accurate and are not misleading in any material respect;
- (x) the entering into of the Formal Agreement in form and substance satisfactory to the Purchaser; and
- (xi) any other conditions as may be agreed between the parties in the Formal Agreement.

If the conditions above shall not have been fulfilled (or where applicable, waived) by the Long Stop Date, the Heads of Agreement and everything contained therein shall, subject to the liability of either party to the other in respect of any breaches of the terms thereof antecedent thereto, be null and void and of no effect and the Deposit and all other monies (if any) paid by the Purchaser to the Vendors shall be refunded to the Purchaser.

Subject to the fulfillment (or where applicable, waiver) of all the conditions precedent mentioned above, Completion shall take place within 10 business days thereafter (or such other date as shall be agreed between the Vendors and the Purchaser). Completion of the sale and purchase of all the Sale Shares and the Shareholders Loan shall take place simultaneously.

Lock-up:

Each Vendor has undertaken to the Company and the Purchaser, subject to Completion, that without the prior written consent of the Purchaser and the Company, he/it will not dispose of or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of more than 50% of his/its Consideration Shares during the period from and including the date of Completion up to and including the date which is the earlier of 30 April 2012 or the issue of the audited consolidated financial statements of All Team for the year ending 31 December 2011.

The Vendors have agreed that the share certificates of the Consideration Shares which are subject to the above lock-up restrictions shall be retained by the Company and furthermore that the relevant dividends distributed in that period shall be deposited into a joint account of the Company and the Vendors until those Consideration Shares may be freely transferred, upon which the Company shall deliver those Consideration Shares and dividends to the Vendors.

Formal Agreement:

The Vendors, Ms. Cao, the Purchaser and the Company shall enter into the Formal Agreement on or before 31 July 2010 (or such later date as may be mutually agreed by the Vendors and the Purchaser).

BASIS OF THE CONSIDERATION

The Consideration was arrived at after arm's length negotiations between the parties and was determined by reference to i) the distribution network of All Team in China; ii) the current market trading comparables of similar industry and iii) the potential of the younger line female accessories and cosmetic industry. The Consideration payable by the Purchaser in cash will be funded by the internal resources of the Group.

The basis in respect of the Issue Price of HK\$3.07 (equivalent to approximately RMB2.69) per Consideration Share was determined after arm's length negotiation and represents the average closing price per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the date of the Heads of Agreement. The Issue Price also represents:–

- (a) a discount of approximately 5.83% of the closing price of HK\$3.26 per Share as quoted on the Stock Exchange on 18 May 2010, being the date of the Heads of Agreement;
- (b) a discount of approximately 10.76% to the average closing price of HK\$3.44 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including 12 May 2010; and
- (c) a discount of approximately 14.72% to the average closing price of HK\$3.60 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including 5 May 2010.

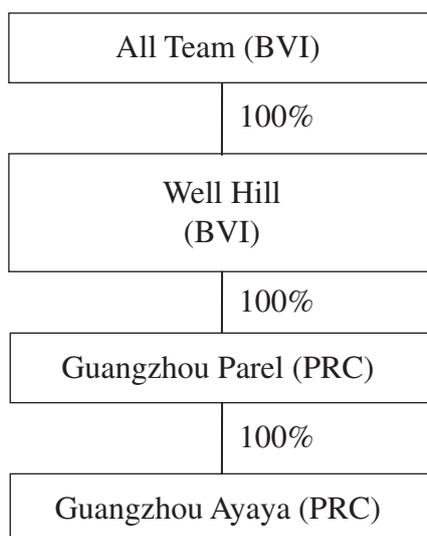
The Consideration Shares will be issued pursuant to the general mandate granted by the Shareholders to the Directors pursuant to the resolution of the Shareholders passed at the annual general meeting of the Company held on 13 May 2010 (the "AGM") subject to the limit up to 20% of the total nominal amount of the share capital of the Company in issue on the date of passing the resolution at the AGM (that is, up to 120,000,000 Shares). As at the date of this announcement, no Share has been issued pursuant to the general mandate and the issue of the Consideration Shares will not require any special approval from the Shareholders. The Consideration Shares, when issued pursuant to the terms of the Heads of Agreement (or if applicable, the Formal Agreement), will rank *pari passu* in all respect among themselves and with all other Shares in issue on the date of such allotment and issue.

The maximum number of Consideration Shares which may be issued by the Company (assuming that there is no Consideration Adjustment) is 37,130,293 Consideration Shares, representing approximately 6.19% of the existing issued share capital of the Company and assuming no further Shares shall be issued, approximately 5.83% of the then issued share capital of the Company as enlarged by the issue of the Consideration Shares.

INFORMATION OF THE ALL TEAM GROUP

All Team Group (including Guangzhou Ayaya after completion of the Ayaya Acquisition) is engaged in the manufacturing and distribution of cosmetic products and fashion accessories in China. All Team is incorporated in the British Virgin Islands on 2 January 2009 as the investment holding company for All Team Group. Well Hill becomes a subsidiary of All Team on 15 October 2009 and Guangzhou Parel becomes a subsidiary of Well Hill on 14 April 2010. According to the unaudited management accounts of the All Team Group (as if the All Team Group (including Guangzhou Ayaya) has been formed since 2 January 2009), the All Team Group recorded a turnover of approximately HK\$36.04 million and a net profit of about HK\$3.26 million for the year ended 31 December 2009 with net asset value of about HK\$33.94 million as at 31 December 2009.

Guangzhou Parel is currently in the process of acquiring the entire equity interest in Guangzhou Ayaya and such acquisition is expected to be completed by 31 July 2010. The group chart of the All Team Group after completion of the Ayaya Acquisition is set out below:–



According to an independent business consultant's report, Guangzhou Ayaya, which will become an indirect wholly-owned subsidiary of All Team after the Ayaya Acquisition, is one of the leading distributors of cosmetic products and younger line female fashion accessories in China. According to All Team's management, Guangzhou Ayaya licensed its brand "7 Magic" to over 1,000 retail stores in over 30 provinces and municipalities. To the best knowledge of the management of All Team, the retail sales of the retailers, who are exclusively contracted with the All Team Group (including Guangzhou Ayaya after completion of the Ayaya Acquisition) amounted to about RMB1 billion in 2009. Guangzhou Parel, an indirect subsidiary of All Team, operates manufacturing facilities in Guangzhou which complies with USFDA standard and is the sole authorized agent of cosmetic products for Pierre Cardin in the PRC and owns the exclusive right to distribute the Dr. Series from Japan and Wonder Girls branded cosmetic from Korea in the Greater China region. It also owns the exclusive right to distribute PAREL, Alivemudsa and Skinease products in department stores in the PRC. In addition, it is the OEM manufacturer to a number of globally well known cosmetic brands such as Walch, Marubi, Hkplant and Mimocrys.

Prior to the entering into of the Heads of Agreement between the Vendors, the Purchaser and the Company, All Team has been in discussion with AID Partners in relation to an investment of an amount of US\$10,000,000 in the form of zero-coupon Convertible Notes. Notwithstanding the entering into of the Heads of Agreement, AID Partners has been granted the CN Option to subscribe or procure the subscription of the Convertible Notes, the particulars of which are set out in the paragraph headed “Option to subscribe for Convertible Notes issued by All Team” in the announcement.

REASONS AND BENEFITS FOR THE ACQUISITION

The Group principally supplies and manufactures quality amenity products and accessories to internationally recognized or branded operators in the hotel, hospitality and travel industries within and outside the PRC. Most recently, the Group has forayed into retail business by partnering a well known beauty consultant in Hong Kong, Mr. Rick Chin, to develop bath and body care brands, and have successfully launched its two concept outlets named “everyBody Labo” in Causeway Bay and Mongkok, Hong Kong.

The Group considers that younger line cosmetic and female fashion accessories have a great potential in China. The Group noted that the younger line female fashion accessories and cosmetic industry in China is expected to increase at a compound annual growth rate of about 16% from 2009 to 2015 and to reach a market size of about RMB70 billion by 2015 from a market size of about RMB30 billion in 2009. This industry will be fueled by improved penetration and consumers’ trading up to products of higher quality. The improved penetration is driven by the life style changes caused by continuous urbanization and increases in disposable income.

The Acquisition will allow the Group to benefit the growth potential of the younger line female fashion accessories and cosmetic markets in China, given the fact that the All Team Group (including Guangzhou Ayaya after completion of the Ayaya Acquisition) is one of the leading distributors in such market, with more than 1,000 exclusively contracted retail stores in more than 30 provinces and municipalities in the PRC. In addition, the brandname of “7 Magic” is broadly recognized in the PRC. With an enhanced network, the Group will be able to distribute its personal care and amenities products through the distribution channels of Guangzhou Parel and Guangzhou Ayaya.

It is further believed that the Acquisition will bring in additional synergies in production of the Group’s quality products with a benefit in the economies of scale, given the volume of products to be manufactured and distributed through the network of All Team Group (including Guangzhou Ayaya after completion of the Ayaya Acquisition). The Group will also be able to capitalize on the production facilities of Guangzhou Parel for the production of more extensive product lines for the Group’s existing clients. In addition, All Team Group also widens the Group’s product branding to include PAREL, Alivemudsa, Skinease, Dr. Series from Japan, Wonder Girls branded cosmetic from Korea and Pierre Cardin from France.

Further, as AID Partners might invest in All Team Group by exercising the CN Option and subscribing the Convertible Notes, the Directors consider that both the Group and the All Team Group will be able to leverage from the resources in AID Partners’ business network.

In summary, the Directors believe the Acquisition will bring increased synergies and opportunities across both the Group and the All Team Group. The All Team Group is of a strong strategic fit with the Group's strategy in retail business in female cosmetic. As All Team Group is focused in serving the female fashion accessories and cosmetic market, users of which may become customers of the Group's retail products.

The Directors (including the independent non-executive Directors) consider the terms of the Acquisition have been made on normal commercial terms and are fair and reasonable and the Acquisition is in the interest of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE

The following table sets out the existing shareholding structure of the Company and the changes thereto as a result of the allotment and issue of the Consideration Shares which may be issued by the Company (assuming there is no Consideration Adjustment):—

	As at the date of this announcement		Immediately after the issue of Consideration Shares	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Ching Chi Fai, the chairman and executive Director	191,754,600 (Note 1)	31.96	191,754,600 (Note 1)	30.10
Ching Chi Keung and Chan Yim Ching, both being executive Directors	44,499,600 (Note 2)	7.42	44,499,600 (Note 2)	6.98
AID Partners Interactive Investment Ltd	40,000,000 (Note 4)	6.67	40,000,000	6.28
Liu Zigang, an executive Director	23,857,200 (Note 3)	3.98	23,857,200 (Note 3)	3.74
Lee King Hay, an executive Director	1,690,000	0.28	1,690,000	0.27
Leung Ping Shing, a non-executive Director	2,050,000	0.34	2,050,000	0.32
The Vendors	—	—	37,130,293	5.83
Other public Shareholders	296,148,600	49.35	296,148,600	46.48
Total	<u>600,000,000</u>	<u>100</u>	<u>637,130,293</u>	<u>100</u>

Note:

- 1. Of these 191,754,600 Shares, 183,666,600 Shares are held by Prosper Well International Limited which is wholly-owned by Mr. Ching Chi Fai and 8,088,000 Shares are held by Mr. Ching Chi Fai as beneficial owner.*
- 2. These Shares are held by Targetwise Trading Limited, which is owned as to 50% and 50% by Mr. Ching Chi Keung and Ms. Chan Yim Ching respectively.*
- 3. These Shares are held by Favour Power Limited, which is wholly owned by Mr. Liu Zigang.*
- 4. AID Partners Interactive Investment Ltd is controlled as to 60% and 40% by Mr. Wu King Shiu Kelvin and Mr. Chang Tat Joel.*

OPTION TO SUBSCRIBE FOR CONVERTIBLE NOTES ISSUED BY ALL TEAM

Pursuant to an option agreement between, inter alia, All Team as grantor and AID Partners as grantee dated 18 May 2010, All Team has granted AID Partners the CN Option to subscribe, or procure its related company to subscribe, for the All Team Convertible Notes. The CN Option will be exercisable by AID Partners at any time during the period from the date of the option agreement to the date falling 90 days after the date of the option agreement, that is, 15 August 2010 (both dates inclusive). Upon the exercise of the CN Option by AID Partners, AID Partners and All Team will enter into the conditional CN Subscription Agreement in such form and substance to the satisfaction of AID Partners.

The principal terms and conditions of the CN Subscription Agreement and the All Team Convertible Notes are summarized below:–

Issuer	:	All Team
Investor	:	AID Partners and/or its designated related company(ies) (“ CN Investor ”)
Principal amount	:	US\$10 million
Subscription price	:	100% of the principal amount of the All Team Convertible Notes
Maturity	:	48 months from the date of issue of the All Team Convertible Notes or such other date as mutually agreed between All Team and the CN Investor (“ CN Maturity Date ”)

Conversion price : The conversion price per share in All Team to be issued and allotted to the CN Investor upon conversion of the All Team Convertible Notes (“**Converted Share(s)**”) will be calculated by the following formula:–

Pre-Money Valuation

Total number of issued shares in All Team before conversion

where:–

- (i) “**Pre-Money Valuation**” = 5 x NIAT 2011 or RMB250 million (whichever is the lower); and
- (ii) “**NIAT 2011**” = audited consolidated net income after tax of All Team for the 12 months ending 31 December 2011, based on the generally accepted accounting principle in Hong Kong Financial Reporting Standards.

The number of shares to be delivered upon conversion will be subject to customary adjustment for dilutive events such as, among other things, subdivision or consolidation of shares, rights issues, dividend distributions, stock dividends, and other dilutive events.

Security : If the Company has become the direct or indirect holding company of All Team, All Team shall give an undertaking to AID Partners to procure that save with the written consent of AID Partners:–

- (a) each of Guangzhou Parel, Guangzhou Ayaya and Well Hill shall remain wholly owned subsidiary of All Team and
- (b) none of All Team or any of its subsidiaries will pledge, charge, mortgage or create or permitted to be created any lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement having similar effect over any shares or equity interest held by All Team in its subsidiaries or by any subsidiary of All Team in another subsidiary of All Team.

If the Company is not the direct or indirect holding company of All Team, the full redemption of All Team Convertible Notes, the compliance of all the representations and warranties given and the performance all other obligations of All Team in the All Team Convertible Notes documentation will be secured by a first fixed charge on all the shares in and shareholder's loans to All Team and a first fixed charge on all the shares in and shareholder's loans to Well Hill.

In addition, Guangzhou Parel and Guangzhou Ayaya shall give a negative pledge undertaking to AID Partners.

The above security or undertakings will remain in force until the release thereof upon earlier of:

1. full redemption; or
2. on full conversion or (where applicable) exchange of the All Team Convertible Notes into Converted Shares or for Swap Shares.

Exchange right : Subject to the Company becoming a direct or indirect holding company of All Team, the All Team Convertible Notes shall be exchangeable at the option of the CN Investor into new ordinary shares issued by the Company (the “**Swap Shares**”) at any time after 12 months from the issue date of the All Team Convertible Notes and before the CN Maturity Date at an issue price equivalent to 80% of the average closing price per share in the share capital of the Company based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days immediately preceding the date when the exchange right is exercised, subject to customary adjustment for dilutive events such as, among other things, subdivision or consolidation of shares, rights issues, dividend distributions, stock dividends, and other dilutive events.

Early redemption : The CN Investor will have the right to require full redemption of the All Team Convertible Notes (if not already converted) upon the occurrence of any event of default. The early redemption amount will be calculated based on the principal amount of the outstanding All Team Convertible Notes plus a premium such that the total cash return to the holders of the All Team Convertible Notes equals a gross yield of 20% per annum on the principal amount of such All Team Convertible Notes.

- Redemption price at Maturity Date : All Team will redeem on the Maturity Date all outstanding All Team Convertible Notes at a redemption price equal to 100% of the principal amount of such All Team Convertible Notes and a premium such that the total cash return to the holders of the All Team Convertible Notes equals a gross yield of 20% per annum on the principal amount of such All Team Convertible Notes.
- Mandatory conversion : All the outstanding All Team Convertible Notes will be mandatorily converted into shares of All Team upon the listing of the shares of All Team on a recognized international stock exchange.
- Board representation and supermajority votes : The CN Investor will have 1 out of 5 board seats (with a minimum of 1 board seat) at All Team and its subsidiaries (pro-rata to shareholding as if the All Team Convertible Notes were fully converted) and certain major decisions by All Team or any of its subsidiaries will require approval of the CN Investor, provided that such approval will not be unreasonably withheld or delayed.
- Right of first offer : The CN Investor, both before and (so long as it remains a shareholder of All Team) after conversion of the All Team Convertible Notes, will have the right of first offer for a pro-rata portion (as if the All Team Convertible Notes were fully converted) of any new shares or other securities or equity-linked instrument issued by All Team.
- Pre-emptive rights : Any sale of the shares in All Team will be subject to the right of first refusal by the CN Investor at the same price per share and on the same terms and conditions to purchase a pro-rata amount (as if the All Team Convertible Notes were fully converted) of such sale shares.
- This provision shall apply both before and (so long as it remains a shareholder of All Team) after conversion of the All Team Convertible Notes.

Tag along rights : Without prejudice to the pre-emptive rights of the CN Investor above, if the shareholders of All Team wish to sell or transfer any or all of the shares in All Team to any person, the CN Investor will have the right to sell the pro-rata amount of its shares (including any outstanding All Team Convertible Notes as if they were fully converted) to the proposed transferee on the same terms and conditions (so long as it remains a shareholder of All Team) and at the same valuation as those for the proposed sale by the shareholders to proposed transferee.

This provision shall apply both before and (so long as it remains a shareholder of All Team) after conversion of the All Team Convertible Notes.

Conditions precedent : The investment of the CN Investor is conditional upon the fulfillment of certain conditions precedent, including among others, the followings on or before 30 September 2010:

- (a) completion of the Ayaya Acquisition to the satisfaction of the CN Investor;
- (b) no material adverse change to the business of the All Team and its subsidiaries since the date of the option agreement;
- (c) completion of commercial, financial and legal due diligence on All Team;
- (d) the obtaining of a British Virgin Islands legal opinion (the form and substance of which shall be satisfactory to the CN Investor at its absolute discretion) issued by a firm of British Virgin Islands lawyers appointed by the CN Investor in relation to the investment (including without limitation, the due incorporation of All Team, its capacity and authority in entering into and performing the CN Subscription Agreement and the All Team Convertible Notes, the due execution by it and the validity of the CN Subscription Agreement and the All Team Convertible Notes;

- (e) the obtaining of a PRC legal opinion (the form and substance of which shall be satisfactory to the CN Investor at its absolute discretion) issued by a firm of PRC lawyers appointed by the CN Investor in relation to this investment (including without limitation, the completion of the Ayaya Acquisition, the due incorporation of All Team's subsidiaries established in the PRC and the business operation of the Issuer and its subsidiaries in the PRC);
- (f) completion and execution of all relevant investment documentation, in form and substance mutually acceptable to the CN Investor, and All Team and (where applicable) the Company.
- (g) if required under the Listing Rules and/or the constitutional documents of Company, the passing by the shareholders of the Company of resolution(s) approving the transactions contemplated under the CN Subscription Agreement or the All Team Convertible Notes), including the issue of the Swap Shares pursuant to the exercise of any exchange right attached to the All Team Convertible Notes;
- (h) the Company having obtained the approval granted by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Swap Shares;
- (i) the obtaining of all relevant consents and approvals for the transaction, including the internal approvals of All Team, if required by the relevant authority and government approvals; and
- (j) any other conditions precedent reasonably requested by the CN Investor and All Team.

Completion of the subscription of the All Team Convertible Notes shall take place within 14 days after fulfillment, or waiver by the CN Investor, of the conditions precedent.

Based on a Pre-Money Valuation of All Team of RMB250 million, the number of Converted Shares which may be issued by All Team upon full conversion of the All Team Convertible Notes represents approximately 27.31% of the existing issued share capital of All Team and approximately 21.45% of the then issued share capital of All Team as enlarged by the issue of the Converted Shares. Subject to Completion and the issue of the All Team Convertible Notes, the Group's interest in All Team will be diluted upon conversion of any principal amount of the All Team Convertible Notes and All Team will become a non-wholly owned subsidiary of the Company.

The Purchaser has undertaken in the Heads of Agreement that, subject to Completion and the issue of the Convertible Notes, it shall in its capacity as shareholder of All Team enter into an agreement with the CN Investor to give effect to the rights of the CN Investor as set out in the CN Subscription Agreement and the All Team Convertible Notes.

The Company has undertaken in the Heads of Agreement that subject to Completion and the CN Subscription Agreement being unconditional, the Company shall at completion of the issue of the All Team Convertible Notes join in as a party thereto and undertake to abide by the terms thereof in relation to the above exchange right and any other provisions expressed to be applicable to the Company.

IMPLICATIONS UNDER THE LISTING RULES

The applicable percentage ratios in respect of the Acquisition are greater than 5% but less than 25%. Therefore, the Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement requirements but exempt from shareholders' approval requirement under the Listing Rules.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

“2011 Audited Profit”	the audited consolidated net profit after taxation of All Team prepared under the generally accepted accounting principle in Hong Kong for the financial year ending 31 December 2011;
“Acquisition”	the proposed acquisition of the Sale Shares and the Shareholders Loan pursuant to the terms of the Heads of Agreement (or if applicable, the Formal Agreement);

“AID Partners”	AID Partners Capital Limited, a company incorporated in the British Virgin Islands and a private equity investment company, being a company who has been granted an option to subscribe or procure the subscription of the All Team Convertible Notes by All Team;
“All Team”	All Team Group Limited, a company incorporated in the British Virgin Islands, which is owned as to 60% by Greatfaith and as to 40% by Mr. Tu prior to Completion;
“All Team Convertible Notes”	zero-coupon convertible notes in the principal sum of US\$10,000,000 issued by All Team which are convertible, in parts or in whole, into ordinary shares of All Team and (subject to the Company becoming a direct or indirect holding company of All Team) exchangeable at the option of the holder thereof in part or in whole for new ordinary shares issued by the Company at any time before the maturity date of the All Team Convertible Notes as specified under the option agreement;
“All Team Group”	All Team and its subsidiaries;
“Ayaya Acquisition”	the acquisition of the entire equity interests in Guangzhou Ayaya by Guangzhou Parel;
“Board” or “Director(s)”	the board of directors of the Company;
“CN Option”	the option granted by All Team to AID Partners to subscribe for the All Team Convertible Notes pursuant to an option agreement dated 18 May 2010 between, inter alia, All Team as grantor and AID Partners as grantee;
“CN Subscription Agreement”	the conditional agreement for the subscription of the All Team Convertible Notes to be entered into between All Team and AID Partners upon exercise of the CN Option;
“Company”	Ming Fai International Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange;
“Completion”	completion of the sale and purchase of the Sale Shares and the Shareholders’ Loan;
“connected person”	the meaning ascribed to it in the Listing Rules;

“Consideration”	the consideration payable for the Sale Shares and the Shareholders’ Loan;
“Consideration Adjustment”	the adjustment to the Consideration in the event that the 2011 Audited Profit falls below RMB50,000,000;
“Consideration Share(s)”	up to a maximum of 37,130,293 new Shares to be issued and allotted as part of the Consideration pursuant to the terms of the Heads of Agreement (or if applicable, the Formal Agreement);
“Formal Agreement”	the formal sale and purchase agreement to be entered into among the Company, the Purchaser, the Vendors and Ms. Cao in relation to the Acquisition;
“Greatfaith”	Greatfaith Group Limited, a company incorporated in the British Virgin Islands, being one of the Vendors who owns 60 Sale Shares (representing 60% of the issued share capital of All Team) as at the date of this announcement;
“Group”	the Company and its subsidiaries;
“Guangzhou Ayaya”	廣州阿呀呀尚韓投資顧問有限公司 (Guangzhou Ayaya Shanghan Investment Consultancy Company Limited), a company incorporated in the PRC;
“Guangzhou Parel”	廣州蓓柔化妝品有限公司 (Parel (Guangzhou) Cosmetics Ltd.), a company incorporated in the PRC, being an indirect wholly-owned subsidiary of All Team;
“Heads of Agreement”	the legally binding heads of agreement between (i) Greatfaith and Mr. Tu as vendors, (ii) the Purchaser as purchaser and (iii) the Company as issuer in respect of the Acquisition dated 18 May 2010;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue Price”	HK\$3.07 per Consideration Share;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Long Stop Date”	30 September 2010 or such other date as may be agreed between the Vendors and the Purchaser;
“Mr. Tu”	Mr. Tu, Chun-Kuang, being one of the Vendors who owns 40 Sale Shares (representing 40% of the issued share capital of All Team) as at the date of this announcement;
“Ms. Cao”	Ms. Cao, Kunyu, being the owner of the entire issued share capital of Greatfaith as at the date of this announcement and the guarantor of Greatfaith in respect of its obligations under the Heads of Agreement;
“NIAT”	net income after tax;
“PRC”	People’s Republic of China (excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement);
“Purchaser”	Ming Fai Holdings Limited, a company incorporated in the British Virgin Islands, being a direct wholly-owned subsidiary of the Company;
“Sale Shares”	60 shares and 40 shares of US\$1.00 each in the issued share capital of All Team which are owned by Greatfaith and Mr. Tu respectively, representing the entire issued share capital of All Team in total;
“Shares”	the shares of the Company of HK\$0.01 each;
“Shareholder(s)”	shareholder(s) of the Company;
“Shareholders’ Loan”	all amounts, whether principal or interest, owing by All Team to the Vendors as at Completion;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendors”	Greatfaith and Mr. Tu and “ Vendor ” shall mean any of them;
“Well Hill”	Well Hill International Limited (威峰國際有限公司), a company incorporated in the British Virgin Islands, being a direct wholly-owned subsidiary of All Team;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“RMB”	Renminbi, the lawful currency of the PRC;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

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

Hong Kong, 18 May 2010

In this announcement, unless otherwise indicated, the respective exchange rate of RMB1 = HK\$1.1399 and US\$1 = RMB6.8278 has been used for the purpose of illustration only.

As at the date of this announcement, the executive Directors are Mr. CHING Chi Fai, Mr. CHING Chi Keung, Mr. LIU Zigang, Mr. LEE King Hay and Ms. CHAN Yim Ching; the non-executive Directors are Mr. NG Bo Kwong and Mr. LEUNG Ping Shing; and the independent non-executive Directors are Mr. SUN Kai Lit Cliff, Mr. HUNG Kam Hung Allan and Mr. MA Chun Fung Horace.