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## **Mingfa Group (International) Company Limited**

**明發集團(國際)有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 00846)**

### **PROPOSED ISSUE OF CONVERTIBLE BONDS AND WARRANTS**

#### **Financial Advisers to the Company**



On 24 November 2010 (after trading hours of the Stock Exchange), the Company and the Subscribers entered into the Subscription Agreement pursuant to which, subject to the satisfaction of certain conditions precedent (i) the Company will issue, and Subscriber 1 will subscribe for, the Convertible Bonds in the aggregate principal amount of HK\$1,551,580,000 due 2015 convertible into the Conversion Shares; and (ii) the Company will issue, and Subscriber 2 will subscribe for, the Warrants entitling the holders thereof to subscribe up to the aggregate principal amount of HK\$387,895,000 for the Warrant Exercise Shares. Each Subscriber is co-owned by Warburg Pincus Private Equity X, L.P. and Warburg Pincus X Partners, L.P., which are private equity investment funds managed by Warburg Pincus.

The Convertible Bonds are convertible into Conversion Shares at the Conversion Price of HK\$2.90 per Conversion Share and on the terms set out in the Subscription Agreement as further detailed and explained in this announcement. Upon full exercise of the conversion rights attached to the Convertible Bonds based on the Conversion Price, a total of 535,027,586 Conversion Shares will be allotted and issued by the Company. The 535,027,586 Conversion Shares represent approximately 8.92% of the issued share capital of the Company as at the date of this announcement, and approximately 8.19% of the issued share capital of the Company as enlarged by the issue of such Conversion Shares upon full exercise of such conversion rights.

The subscription rights attaching to the Warrants may be exercised to subscribe for Warrant Exercise Shares at the Warrants Exercise Price of HK\$4.36 per Warrant Exercise Share and on the terms set out in the Subscription Agreement. Upon full exercise of the subscription rights attaching to the Warrants at the Warrants Exercise Price, a total of 88,966,743 Warrant Exercise Shares will be allotted and issued by the Company. The 88,966,743 Warrant Exercise Shares represent approximately 1.48% of the issued capital of the Company as at the date of this announcement, and approximately 1.46% of the issued share capital of the Company as enlarged by the issue of such Warrant Exercise Shares upon full exercise of such subscription rights.

If both Subscriber 1 exercises the conversion rights attached to the Convertible Bonds and Subscriber 2 exercises the subscription rights attached to the Warrants in full, a total of 623,994,329 new Shares will be allotted and issued by the Company. The New Shares represent approximately 9.42% of the issued share capital of the Company as enlarged by the issue of such Conversion Shares and Warrant Exercise Shares upon full exercise of the conversion rights attaching to the Convertible Bonds and the subscription rights attaching to the Warrants.

The Convertible Bonds and the Warrants and the New Shares deliverable upon conversion of the Convertible Bonds or the exercise of the subscription rights attaching to the Warrants have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Accordingly, the Convertible Bonds and the Warrants are being offered and sold (1) in the United States only to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A of the Securities Act and (2) outside the United States in compliance with Regulation S promulgated under the Securities Act.

Assuming the Convertible Bonds are issued in full to Subscriber 1, the gross proceeds will be HK\$1,551,580,000 and the net proceeds will be approximately HK\$1,546,535,000 after deducting all related costs and expenses (including professional advisors' fees and printing costs). The Company intends to apply such net proceeds from the subscription of the Convertible Bonds to be used in connection with the payment for land acquisitions, acquisitions of companies directly or indirectly holding land or real estate and towards general working capital.

No amount is payable by Subscriber 2 to the Company for the issue of the Warrants to Subscriber 2. Assuming the exercise in full of the subscription rights attaching to the Warrants by Subscriber 2, the proceeds will be HK\$387,895,000. The Company intends to apply such proceeds from the exercise of the subscription rights attaching to the Warrants to be used in connection with the payment for land acquisitions, acquisitions of companies directly or indirectly holding land or real estate and towards general working capital.

The Conversion Shares and the Warrant Exercise Shares to be issued upon conversion of the Convertible Bonds and the Warrants will be allotted and issued by the Company pursuant to the General Mandate granted to the Directors. The subscription of the Convertible Bonds and the Warrants, and the issue of the New Shares by the Company, are not subject to Shareholders' approval.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the New Shares on the Stock Exchange. No listing of the Convertible Bonds or the Warrants will be sought on the Stock Exchange or any other stock exchanges.

**Shareholders and potential investors should note that completion of the Subscription Agreement and other related agreements, deeds and documents is subject to the fulfillment of the conditions precedent set out in the Subscription Agreement. As the transactions contemplated hereunder may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and if they are in doubt, they should consult their professional advisers.**

**UBS and BOCOM have been appointed as the financial advisers to the Company in relation to the Issue.**

## **SUBSCRIPTION AGREEMENT**

**Date:** 24 November 2010

**Issuer:** The Company

**Subscribers:** (1) Subscriber 1  
(2) Subscriber 2

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Subscribers and its ultimate beneficial owners are independent third parties who are not connected persons of the Company.

### **Principal Amount**

Subscriber 1 has agreed to subscribe for the Convertible Bonds in the principal amount of HK\$1,551,580,000, which will be paid in cash to the Company by Subscriber 1.

No amount is payable by Subscriber 2 to the Company for the issue of the Warrants to Subscriber 2. Upon full exercise of the subscription rights attaching to the Warrants, an aggregate principal amount of HK\$387,895,000 will be paid in cash to the Company by Subscriber 2.

### **Conditions**

The issue of the Convertible Bonds and the Warrants is conditional upon the fulfillment of certain conditions precedent including, but not limited to, the following:

- (i) the Stock Exchange having granted the listing of, and permission to deal in, the New Shares;
- (ii) the Warranties remaining true, accurate and correct in all material respects at the Closing Date;
- (iii) there shall have been since the date of the Subscription Agreement, in the reasonable opinion of Subscriber 1, (a) no event, occurrence, change or development or series of events, occurrences, changes or developments which, individually or collectively, would

have a Material Adverse Effect, and (b) no change in any relevant laws, regulations or policies in any of the jurisdictions in which the Company or its Material Subsidiaries do business (whether coming into effect prior to, on or after the Closing Date) that would have a Material Adverse Effect;

- (iv) there being no event existing or having occurred and no condition being in existence which would (had the Convertible Bonds already been issued) constitute an event of default; and
- (v) there being, from the date of the Subscription Agreement up to (and including) the Closing Date:
  - (a) no issue by the Company of Shares, options to subscribe for Shares or other securities convertible into Shares save pursuant to the Share Option Scheme or the Subscription Agreement; and
  - (b) a Change-of-Control shall not have occurred in respect of the Company.

### **Completion**

Subject to satisfaction of the conditions precedent under the Subscription Agreement, completion of the issue of the Convertible Bonds and the Warrants shall take place on the Closing Date.

In the event that any of the above conditions precedent are not fulfilled or waived before the date falling sixty (60) days after the date of the Subscription Agreement, or such later date as the Company and the Subscribers may agree, the parties to the Subscription Agreement shall be released and discharged from their respective obligations thereunder, except that any cause of action accrued or any liability arising before or in relation to such termination shall continue notwithstanding such termination and certain survival provisions in the Subscription Agreement shall continue in full force and effect.

### **Selling Restrictions**

The Convertible Bonds and the Warrants and the New Shares deliverable upon conversion of the Convertible Bonds or the exercise of the subscription rights attaching to the Warrants have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Accordingly, the Convertible Bonds and the Warrants are being offered and sold (1) in the United States only to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A of the Securities Act and (2) outside the United States in compliance with Regulation S promulgated under the Securities Act.

## PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

<b>Principal amount:</b>	HK\$1,551,580,000
<b>Denomination:</b>	HK\$1,000,000 each
<b>Ranking of the Convertible Bonds:</b>	The Convertible Bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations (other than any obligations preferred by mandatory provisions of applicable law). Subject to certain exceptions, the Company shall not, and will procure that none of its Subsidiaries will, inter alia, create or permit to subsist or arise any security upon the whole or any part of their respective present or future undertakings, assets or revenues to secure any financial indebtedness, unless, at the same time or prior thereto, the Company's obligations under the Convertible Bonds and the Trust Deed are secured by the same security equally and rateably with such financial indebtedness or have the benefit from a guarantee or indemnity in substantially identical terms thereto.
<b>Issue Price:</b>	100% of the principal amount of the Convertible Bonds.
<b>Maturity Date:</b>	Fifth anniversary of the Closing Date.
<b>Interest:</b>	The Convertible Bonds will bear interest on the outstanding principal amount thereof from the date of issue at a rate equal to 5% per annum, calculated on an actual/360 day count basis and payable semi-annually.
<b>Conversion rights:</b>	Each Bondholder will have the right, at any time on and after the day falling the next day after the Closing Date up to the close of business on the date falling one week prior to the Maturity Date or if such Bond shall have been called for redemption before the Maturity Date, then up to the close of business on a date no later than seven business days prior to the date fixed for redemption thereof, to convert its Bonds into Conversion Shares at the Conversion Price.
<b>Conversion Price:</b>	HK\$2.90 per Conversion Share

**Adjustment to the Conversion Price:** The Conversion Price is subject to customary adjustment provisions such as sub-division or consolidation or reclassification of Shares, capitalization of profits, capital distribution, stock dividends, rights issues and other usual dilutive events.

**Mandatory conversion:** On or at any time after the third anniversary of the Closing Date but not less than 14 business days prior to the Maturity Date, the Company may, having given not less than 14 nor more than 30 days' notice to the Bondholders, require all (but not some only) of the Bondholders to surrender their Bonds (other than any Bonds in respect of which a notice of redemption at the option of the Bondholders shall have been given) for conversion into Conversion Shares at the Conversion Price then in effect, provided that no conversion may be made unless the average of the Volume Weighted Average Price for each traded day falling within the 45 traded day period ending on a date which is not earlier than 5 business days prior to the date on which the mandatory conversion notice is given is not less than 150% of the applicable Conversion Price then in effect.

**Redemption on Maturity Date:** Unless previously redeemed, converted or purchased and cancelled as provided in the Subscription Agreement, the Company will redeem each Bond at 129.82% of its principal amount on the Maturity Date plus any accrued interest.

**Bondholders' redemption option:** Upon any Bondholder giving to the Company not less than 30 days notice at any time after the date falling 30 days prior to the third anniversary of the Closing Date, the Company will, upon the expiry of such notice, redeem the Convertible Bonds specified in the notice at an amount which is equal to the aggregate of (i) the principal amount outstanding under the Convertible Bonds; (ii) all interest accrued but unpaid in respect of the Convertible Bonds up to the date of expiry of the notice period; and (iii) a premium equal to 17.05% multiplied by a fraction of which the numerator is the total number of days from the issue date to the redemption due date (both days inclusive) and the denominator is the total number of days from the issue date to the Maturity Date (both days inclusive) calculated on the aggregate principal amount of the Convertible Bonds.

**Issuer's redemption option:**

If at any time the aggregate principal amount of the Convertible Bonds outstanding is equal to or less than the amount of HK\$155,158,000, being 10% of the aggregate principal amount of the Convertible Bonds issued under the Subscription Agreement, then the Company may, on giving not less than 30 days' notice, redeem all of the Convertible Bonds for the time being outstanding an amount which is equal to the aggregate of (i) the principal amount outstanding under the Convertible Bonds; (ii) all interest accrued but unpaid in respect of the Convertible Bonds up to (and including) the date of redemption or, as the case may be, repayment; and (iii) a premium equal to 29.82% multiplied by a fraction of which the numerator is the total number of days from the issue date to redemption due date (both days inclusive) and the denominator is the total number of days from the issue date to the Maturity Date (both days inclusive) calculated on the principal amount of the Convertible Bonds.

**Early redemption upon  
Event of Default:**

The Trustee shall, if so requested in writing by the holders of not less than 66 2/3% in aggregate principal amount of the Convertible Bonds then outstanding or if so directed by an extraordinary resolution (subject to being indemnified and/or secured by the holders to its satisfaction), give notice to the Company, that the Convertible Bonds are, and they shall accordingly thereby become, immediately due and repayable at an amount which is equal to the aggregate of (i) the principal amount outstanding under the Convertible Bonds; (ii) all interest accrued but unpaid in respect of the Convertible Bonds up to the redemption due date (inclusive of such date); and (iii) a premium equal to 66.27% multiplied by a fraction of which the numerator is the total number of days from the issue date to the redemption due date (both days inclusive) and the denominator is the total number of days from the issue date to the Maturity Date (both days inclusive) calculated on the principal amount of the Convertible Bonds, if and so long as any one or more of an event of default has occurred and is continuing.

**Events of Default:**

These include but are not limited to, cessation of the Company Controlling Shareholder to be entitled to exercise or control the exercise of 40% or more of the voting powers at general meetings of the Company. The Bond Conditions also contains other customary events of default provisions.

**Ranking of Conversion Shares:** The Conversion Shares when allotted and issued, will rank *pari passu* with the Shares in issue on the date of allotment of the Conversion Shares.

**Transferability:** Each Subscriber undertakes to the Company that:

- (A) it shall procure that none of its holding of the New Shares or the Convertible Bonds or the Warrants shall be sold, disposed of or transferred during the period of one hundred eighty (180) days from the date on which Closing took place save where the New Shares or the Convertible Bonds or the Warrants are disposed of or transferred to an Affiliate, provided that such Affiliate shall, prior to such transfer or disposal, agree to be bound by the provisions of the Subscription Agreement; and
- (B) save by way of any open market sale transacted of any New Shares on the Stock Exchange, it shall not sell, transfer or dispose of any of its New Shares, the Convertible Bonds and/or the Warrants (as the case may be) to any person or entity whose primary business is the development of residential and retail projects in the PRC (for the avoidance of doubt, financial investors or institutions shall not be considered to fall within the foregoing category). For the avoidance of doubt, subsequent transferees of the Subscribers shall not be bound by the foregoing restriction.

**Listing:** The Company will obtain and maintain a listing on the Stock Exchange for all the Conversion Shares. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

### **The Conversion Price and the Conversion Shares**

The Conversion Price represents (i) a premium of approximately 16.94% over the last closing price of the Shares of HK\$2.48 per Share as quoted on the Stock Exchange on 24 November 2010 being the last trading day before the date of this announcement; and (ii) a premium of approximately 17.31% to the average closing price of approximately HK\$2.472 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 24 November 2010.

The Conversion Price was determined with reference to the prevailing market price of the Shares and the terms and conditions (including the redemption options) of the Convertible Bonds and was negotiated at arm's length basis between the Company and the Subscriber 1. The Directors consider that the Conversion Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Upon full exercise of the conversion rights attaching to the Convertible Bonds, up to 535,027,586 Conversion Shares will be issued to Subscriber 1, representing approximately 8.19% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.



## PRINCIPAL TERMS OF THE WARRANTS

<b>Subscription period:</b>	The period from the date falling 41 days from the Closing Date to the date falling 7 days prior to the fifth anniversary of the Closing Date (both days inclusive).
<b>Warrant Exercise Price:</b>	HK\$4.36 per Warrant Exercise Share
<b>Adjustment to Warrant Exercise Price:</b>	The Warrant Exercise Price is subject to customary adjustment provisions such as sub-division or consolidation or reclassification of Shares, capitalization of profits, capital distribution, stock dividends, rights issues and other usual dilutive events.
<b>Ranking of the Warrant Exercise Shares:</b>	The Warrant Exercise Shares, when issued and allotted, will rank <i>pari passu</i> with the fully paid Shares in issue on the date of allotment and issue of such Warrant Exercise Shares.
<b>Transferability:</b>	Except as provided under the Warrants Instrument, the subscription rights attaching to the Warrants are freely transferable either in whole or in part provided that, if necessary, the prior approval of the Stock Exchange shall be required for any transfer to any transferee which is a connected person (as defined in the Listing Rules) of the Company.

### The Warrant Exercise Price and the Warrant Exercise Shares

The Warrant Exercise Price represents (i) a premium of approximately 75.81% over the last closing price of the Shares of HK\$2.48 per Share as quoted on the Stock Exchange on 24 November 2010 being the last trading day before the date of this announcement; and (ii) a premium of approximately 76.38% to the average closing price of approximately HK\$2.472 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 24 November 2010.

The Warrant Exercise Price was determined after arm's length negotiations between the Company and Subscriber 2, after considering (i) the Group's existing financial position, (ii) the terms of the Warrants and (iii) the Company's recent share price performance. The Directors consider that the Warrant Exercise Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Upon full exercise of the subscription rights attaching to the Warrants, a maximum of 88,966,743 Warrant Exercise Shares will be issued and allotted by the Company, representing approximately 1.48% of the existing issued share capital of the Company and approximately 1.46% of the issued share capital of the Company as enlarged by the issue and allotment of the Warrant Exercise Shares.

### EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any other fund raising activities in the past twelve months immediately preceding the date of this announcement.

## APPLICATION FOR LISTING

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the New Shares. No listing of the Convertible Bonds or the Warrants will be sought on the Stock Exchange or any other stock exchanges.

## EFFECT ON SHAREHOLDING

The table below set out a summary of the shareholdings in the Company (i) as at the date of this announcement; (ii) upon full conversion of the exercise of the conversion rights attached to the Convertible Bonds (assuming the subscription rights attaching to the Warrants are not exercised); (iii) upon full exercise of the subscription rights attaching to the Warrants (assuming the conversion rights attached to the Convertible Bonds are not exercised); and (iv) upon full conversion of the exercise of the conversion rights attached to the Convertible Bonds and full exercise of the subscription rights attaching to the Warrants:

	As at the date of this announcement		Upon full conversion of the exercise of the conversion rights attached to the Convertible Bonds (assuming the subscription rights attaching to the Warrants are not exercised)		Upon full exercise of the subscription rights attaching to the Warrants (assuming the conversion rights attached to the Convertible Bonds are not exercised)		Upon full conversion of the exercise of the conversion rights attached to the Convertible Bonds and full exercise of the subscription rights attaching to the Warrants	
	<i>No. of Shares</i>		<i>No. of Shares</i>		<i>No. of Shares</i>		<i>No. of Shares</i>	
Galaxy Earnest Limited	5,100,000,000	85.00%	5,100,000,000	78.04%	5,100,000,000	83.76%	5,100,000,000	76.99%
Other public Shareholders	900,000,000	15.00%	900,000,000	13.77%	900,000,000	14.78%	900,000,000	13.59%
Subscriber 1	—	0.00%	535,027,586	8.19%	—	0.00%	535,027,586	8.08%
Subscriber 2	—	0.00%	—	0.00%	<u>88,966,743</u>	1.46%	<u>88,966,743</u>	1.34%
Total	<u>6,000,000,000</u>	100.00%	<u>6,535,027,586</u>	100.00%	<u>6,088,966,743</u>	100.00%	<u>6,623,994,329</u>	100.00%

## USE OF PROCEEDS

Assuming the Convertible Bonds are issued in full to Subscriber 1, the gross proceeds will be HK\$1,551,580,000 and the net proceeds will be approximately HK\$1,546,535,000 after deducting all related costs and expenses (including professional advisors' fees and printing costs). The Company intends to apply such net proceeds from the subscription of the Convertible Bonds to be used in connection with the payment for land acquisitions and acquisitions of companies directly or indirectly holding land or real estate and towards general working capital.

No amount is payable by Subscriber 2 to the Company for the issue of the Warrants to Subscriber 2. Assuming the exercise in full of the subscription rights attaching to the Warrants by Subscriber 2, the proceeds will be HK\$387,895,000. The Company intends to apply such proceeds from the exercise of the subscription rights attaching to the Warrants to be used in connection with the payment for land acquisitions and acquisitions of companies directly or indirectly holding land or real estate and towards general working capital.

## REASONS FOR AND BENEFITS FOR THE ISSUE OF CONVERTIBLE BONDS AND WARRANTS

Subscriber 1 and Subscriber 2 are co-owned by Warburg Pincus Private Equity X, L.P. and Warburg Pincus X Partners, L.P., which are private equity investment funds managed by Warburg Pincus. Headquartered in New York, Warburg Pincus is a leading global private equity firm. The firm has more than US\$30 billion in assets under management. Its active

portfolio of more than 110 companies is highly diversified by stage, sector and geography. Warburg Pincus is a growth investor and an experienced partner to management teams seeking to build durable companies with sustainable value. Founded in 1966, Warburg Pincus has raised 13 private equity funds which have invested more than \$35 billion in over 600 companies in more than 30 countries.

The Board considers the Subscription Agreement to be part of the Company's effort in attracting an independent and significant shareholder who shares its business vision and can add considerable value by bringing international best practices in business strategy and corporate governance. Warburg Pincus is known as an experienced partner to entrepreneurs and high-growth companies, and the Subscription Agreement provides a solid foundation for the strategic relationship between the two groups.

The issue of the Convertible Bonds and the Warrants also represent an opportunity to enlarge and diversify the shareholder base of the Company and to raise further capital for the Company for financing its new and existing projects. The Directors consider that this will facilitate the overall development and expansion of the Group. The terms of the Subscription Agreement and the terms of the Convertible Bonds and the Warrants were negotiated on an arm's length basis and the Directors consider that the terms and conditions of the Subscription Agreement and the terms and conditions of the Convertible Bonds and the Warrants are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

## **GENERAL**

The Company, a leading developer and operator of mega malls in China, enjoys a leading market position and brand recognition in Fujian and Jiangsu Provinces. The Group has achieved its reputation through developing a wide range of properties including commercial complexes, residential properties, industrial complexes and hotels. With 16 years of successful expansion in real estate development since its establishment in 1994, the Group now boasts a diversified portfolio of 39 titled projects across 13 cities in four provinces at various stages of development. With its "selected regional focus" growth strategy, the Group continues to focus on developing mega malls and integrated residential properties in affluent tier-two and tier-three cities in China.

The New Shares will be issued under the General Mandate granted to the Directors. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the New Shares to be issued as a result of the exercise of the conversion rights attaching to the Convertible Bonds and the exercise of the subscription rights attaching to the Warrants.

The maximum number of Shares to be issued under the General Mandate is 1,200,000,000 Shares. As at the date of this announcement, the Directors have not exercised the power to allot and issue any new Shares pursuant to the General Mandate. The New Shares will utilize 623,994,329 Shares that are allowed to be allotted and issued under the General Mandate, and the balance of 576,005,671 Shares will remain outstanding under the General Mandate (approximately 48% thereof). The subscription of the Convertible Bonds and the Warrants, and the issue of the New Shares by the Company, are not subject to Shareholders' approval.

**Shareholders and potential investors should note that completion of the Subscription Agreement and other related agreements, deeds and documents is subject to the fulfillment of the conditions precedent set out in the Subscription Agreement. As the transactions contemplated hereunder may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and if they are in doubt, they should consult their professional advisers.**

**UBS and BOCOM have been appointed as the financial advisers to the Company in relation to the Issue.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“Affiliate” means, with respect to the Subscribers, any person or entity (including investment funds) that directly or indirectly controls, is controlled by or is under common control with such Subscriber;

For the purpose of this definition, “control” of a person or entity shall refer to (i) ownership of more than 50% of the shares in issue or other existing interests or registered capital of such person or entity or (ii) the power, directly or indirectly and whether exercised or not, to direct the management or policies of such person, whether through the ownership of more than 50% of the voting power of such person, through the power to appoint a majority of the board of directors, through contractual arrangements or otherwise;

“BOCOM” means BOCOM International (Asia) Limited which is a licensed corporation registered under the Securities and Futures Ordinance, Chapter 571 of the law of Hong Kong, to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities;

“Bond Conditions” means the terms and conditions of the Convertible Bonds as set out in the Trust Deed which shall be attached to the Bond Certificates;

“Bondholder” means a person in whose name a Convertible Bond is registered in the register of Bondholders;

“Change-of-Control” occurs when either:

- (a) the Company Controlling Shareholder ceases, directly or indirectly, to own beneficially 40 percent or more of the issued share capital of the Company; or
- (b) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring control in the Company or the successor entity;

“Closing Date”	the fifth business day following the date on which the Company issues the notice confirming satisfaction (or waiver by Subscriber 1) of all the conditions precedent under the Subscription Agreement to the Subscribers or such other date as the Company and the Subscribers shall agree in writing;
“Company”	Mingfa Group (International) Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00846);
“Company Controlling Shareholder”	means Mr. Wong Wun Ming and his associates (as such term is defined in the Listing Rules) collectively or, as the case may be, any one of them;
“connected person”	has the meaning as prescribed under the Listing Rules;
“Conversion Price”	HK\$2.90 per Conversion Share (subject to adjustment);
“Conversion Shares”	means Shares to be issued upon conversion of the Convertible Bonds pursuant to the Trust Deed and the Bond Conditions;
“Convertible Bonds”	the 5.0% US Dollar Convertible Bonds Due 2015 in the aggregate principal amount of HK\$1,551,580,000;
“Director(s)”	the director(s) of the Company;
“General Mandate”	the general mandate granted by the Shareholders to the directors of the Company at the annual general meeting of the Company held on 1 June 2010 (“AGM”) to allot, issue and deal with Shares not exceeding 20% of the aggregate number of Shares in issue as at the date of the passing of the relevant ordinary resolution passed at the AGM;
“Group”	the Company and its subsidiaries;
“HK\$”	the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue”	the proposed issue of the Convertible Bonds and the Warrants by the Company;
“Issue Price”	100% of the principal amount of the Convertible Bonds;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time;

“Material Adverse Effect”	means with respect to the Company, (i) any event, occurrence, fact, condition, change or development (including adverse market conditions) that would have a material adverse effect on the business of the Group, or (ii) material impairment of the ability to perform the material obligations of the Company under the Contracts;
“Material Subsidiary”	means any subsidiary of the Company whose net asset value exceeds 10% of the consolidated net asset value of the Company and its Subsidiaries, as shown in the latest published audited consolidated balance sheet of the Company and its Subsidiaries;
“Maturity Date”	means the date falling on the fifth anniversary of the date of issue of the Convertible Bonds and the Warrants by the Company;
“New Shares”	the Conversion Shares and the Warrants Exercise Shares;
“PRC”	means the People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region and Taiwan);
“Securities Act”	the United State Securities Act of 1933, as amended from time to time;
“Share(s)”	ordinary shares of par value HK\$0.10 each in the capital of the Company;
“Share Option Scheme”	means the share option scheme adopted by the Shareholders and in compliance with the Listing Rules pursuant to which options may be granted to eligible participants entitling the holders thereof to subscribe for new Shares upon specified terms;
“Shareholder(s)”	the holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber 1”	Gain Max Enterprises Limited;
“Subscriber 2”	Profit Max Enterprises Limited;
“Subscribers”	Subscriber 1 and Subscriber 2, both co-owned by Warburg Pincus Private Equity X, L.P. and Warburg Pincus X Partners, L.P., which are funds managed by Warburg Pincus;
“Subscription Agreement”	the agreement entered into between the Company and the Subscribers in relation to the Issue;

“Subsidiary”	in respect of any person, any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 % of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or any company or other business entity which at any time has its accounts consolidated with those of that person or which, under applicable law, regulations or generally accepted accounting principles from time to time, should have its accounts consolidated with those of that person;
“Trust Deed”	the trust deed to be entered into by, inter alia, the Company and the Trustee, pursuant to which, inter alia, the Company will grant the Guarantee;
“Trustee”	The Bank of New York Mellon, London Branch;
“UBS”	UBS AG, Hong Kong Branch;
“United States”	the United States of America;
“US\$”	the lawful currency of the United States;
“Warburg Pincus”	Warburg Pincus LLC, a New York limited liability company;
“Warranties”	the warranties set out in Schedule 2 of the Subscription Agreement;
“Warrants”	the warrants to be issued by the Company subject to, and with the benefit of, the Warrant Instrument, entitling the holders thereof to subscribe up to the aggregate amount of HK\$387,895,000 for new Shares;
“Warrants Exercise Price”	HK\$4.36 per Warrant Exercise Share (subject to adjustment);
“Warrants Exercise Shares”	means new Shares to be allotted and issued upon exercise of the subscription rights attaching to the Warrants;
“Warrants Instrument”	the deed to be executed by the Company which sets out the terms and conditions of the Warrants; and

“Volume Weighted  
Average Price”

means, in respect of a Share on any Trading Day, the order book volume-weighted average price of a Share appearing on or derived from Bloomberg screen “VWAP” or such other source as shall be determined to be appropriate by an Approved Investment Bank, on such Trading Day, provided that on any such Trading Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

By order of the Board  
**Mingfa Group (International) Company Limited**  
**Wong Mun Ming**  
*Chairman*

Hong Kong, 25 November 2010

*As at the date of this announcement, the directors of the Company are Mr. Wong Wun Ming, Mr. Huang Qingzhu, Mr. Huang Lianchun and Mr. Huang Li Shui as Executive Directors; Mr. Wong Po Yan, Mr. Dai Yiyi, Mr. Lin Yong and Mr. Qu Wenzhou as Independent Non-executive Directors.*