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*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 3828)

## **PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

### **PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

On 26 May 2011 (after trading hours), the Prosper Well has transferred 50,000,000 Shares, legal and beneficially interested by it to Atlantis Investment at the Placing Price and Company entered into the Subscription Agreement with Prosper Well pursuant to which Prosper Well will subscribe for the Subscription Shares comprising up to 30,000,000 new Shares, at the Placing Price.

The Placing is unconditional. The Subscription is conditional upon, among other things, (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares; and (ii) all other necessary consents and approvals as may be required in respect of the Subscription and the transactions contemplated hereunder relating to the Subscription having been obtained. An application will be made to the Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Subscription Shares. The Subscription Shares are to be issued under the General Mandate.

The Placing Price was arrived at after arm's length negotiations between Prosper Well and Atlantis Investment. The Directors consider that the Placing Price, the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Placing Shares represent approximately 7.85% of the existing issued share capital of the Company and represent approximately 7.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The net proceeds of the Subscription will be approximately HK\$63.1 million. The Directors intend to apply the net proceeds as general working capital of the Group.

# **PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

## **THE SUBSCRIPTION AGREEMENT**

**Date:** 26 May 2011

**Parties:** (1) Issuer: the Company

(2) Subscriber: Prosper Well

Pursuant to the Subscription Agreement, Prosper Well will subscribe for the Subscription Shares comprising up to 30,000,000 new Shares, at the Placing Price.

### **A. THE PLACING**

#### **Information on Prosper Well**

Prosper Well is a substantial Shareholder (as defined under the Listing Rules) and is the beneficial owner of 185,166,600 Shares, which represent approximately 29.06% of the existing issued share capital of the Company as at the date of this announcement. As such, Prosper Well is also a connected person. The entire issued share capital of Prosper Well is owned by Mr. Ching, an executive Director, a substantial Shareholder and chairman of the Company.

#### **Information on Atlantis Investment**

The Placing Shares has been transferred by Prosper Well to Atlantis Investment on 26 May 2011 (after trading hours), who and whose ultimate beneficial owners are Independent Third Parties. Atlantis Investment will not become a substantial Shareholder immediately after completion of the Placing and the Subscription.

#### **Number of Placing Shares**

The number of Placing Shares is 50,000,000 Shares. The Placing Shares represent approximately 7.85% of the existing issued share capital of the Company and approximately 7.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

## **Placing Price**

The Placing Price represents:

- (i) a discount of approximately 8.45% of the closing price of HK\$2.32 per Share as quoted on the Stock Exchange on 26 May 2011, being the date of entering into the Subscription Agreement;
- (ii) a discount of approximately 9.54% of the average closing price of HK\$2.348 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to 26 May 2011; and
- (iii) a premium of approximately 38.82% over the latest published audited net asset value per Share of approximately HK\$1.53 as shown in the Group's audited consolidated financial statements for the financial year ended 31 December 2010 (on the basis of 637,130,293 total existing issued Shares as at the date of this announcement).

The Placing Price was arrived at after arm's length negotiations between Prosper Well and Atlantis Investment having considered the market condition and potential business opportunity between the Company and Atlantis Investment. The Directors consider that the Placing Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **Rights**

The Placing Shares has been sold free from all liens, charges and encumbrances and together with the rights attaching to them, including the right to receive all dividends declared, made or paid after the date of the completion of the Placing.

## **Conditions of the Placing**

The Placing is unconditional.

## **Completion**

Completion of the Placing has been taken place on the date of the Subscription Agreement.

## **B. THE SUBSCRIPTION**

### **The issuer**

The Company

### **Prosper Well**

Prosper Well is a substantial shareholder (as defined under the Listing Rules) of the Company and is the beneficial owner of 185,166,600 Shares, which represent approximately 29.06% of the existing issued share capital of the Company as at the date of this announcement. As such, Prosper Well is also a connected person. The entire issued share capital of Prosper Well is owned by Mr. Ching, an executive Director, a substantial Shareholder and chairman of the Company.

### **Number of Subscription Shares**

Immediately after completion of the Placing, the shareholding of Prosper Well will be reduced to 135,166,600 Shares, representing approximately 21.21% of the existing issued share capital of the Company before completion of the Subscription. The Subscription will then increase the shareholding of Prosper Well to 165,166,600 Shares, representing approximately 24.76% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

### **Subscription Price**

The subscription price is HK\$2.124 per Subscription Share, which is equivalent to the Placing Price. In line with the market practice, the Company will bear all costs and expenses of the Subscription and will reimburse Prosper Well all costs and expenses incurred by Prosper Well in respect of the Placing and the Subscription (except for the 20,000,000 Shares placed to Atlantis Investment by Prosper Well) because it is the fund raising conducted by the Company. Based on the estimated expenses for the Placing and the Subscription, the net subscription price is approximately HK\$2.1 per Share.

The aggregate nominal value of the Subscription Shares is HK\$300,000.

### **Rights**

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

## **Mandate to issue the Subscription Shares**

The Subscription Shares will be allotted and issued under the General Mandate. Under the General Mandate, up to 127,426,058 Shares may be issued by the Company. As at the date of this announcement, the General Mandate has not been utilised.

## **Conditions of the Subscription**

The Subscription is conditional upon the following conditions having been fulfilled by 7 June 2011 (or such later date as may be agreed between the Company and Prosper Well):

- (1) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in the Subscription Shares; and
- (2) all other necessary consents and approvals as may be required in respect of the Subscription and the transactions contemplated hereunder relating to the Subscription having been obtained.

In the event that the conditions of the Subscription are not fulfilled in full by the date stipulated, neither the Company nor Prosper Well shall have any obligations and liabilities under the Subscription and thereafter neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms hereof.

## **Completion of the Subscription**

Completion of the Subscription will take place on the second Business Day following the fulfillment of all the conditions of the Subscription. The Subscription must be completed on or before 9 June 2011, which is within 14 days from the date of the Subscription Agreement. If the Subscription is to be completed thereafter, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate announcement and approval of the independent Shareholders (being Shareholders other than Prosper Well, its ultimate beneficial owners and their respective associates).

## **Application for listing**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## **REASONS FOR THE PLACING AND THE SUBSCRIPTION**

The Board considers that it is beneficial to the Company and the Shareholders as a whole to raise capital for the future business development of the Group by way of the Placing as it will broaden the capital and shareholder base of the Company thereby increasing the liquidity of the Shares. The gross proceeds of the Placing and the Subscription will be approximately HK\$63.7 million and the net proceeds of the Placing and the Subscription, after deduction of the related expenses of approximately HK\$600,000, will be approximately HK\$63.1 million. The Directors intend to apply the net proceeds as general working capital of the Group.

The Directors consider that the Subscription Agreement are entered into upon normal commercial terms following arm's length negotiations between the Company and Prosper Well and that the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **C. FUND RAISING ACTIVITY IN PAST 12 MONTHS**

The Group did not conduct any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

## D. CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 637,130,293 Shares in issue. The shareholding structure of the Company before and after the full exercise of the Placing and Subscription are as follows:

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Placing but prior to completion of the Subscription; and (iii) immediately after completion of the Placing and the Subscription:

Name of Shareholders	As at the date of this announcement		Immediately after completion of the Placing but prior to completion of the Subscription		Immediately after completion of the Placing and the Subscription	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Mr. Ching, the chairman and executive Director	8,457,000 (Note 1)	1.33%	8,457,000	1.33%	8,457,000	1.27%
Prosper Well	185,166,600 (Note 2)	29.06%	135,166,600	21.21%	165,166,600	24.76%
Ching Chi Keung and Chan Yim Ching, both being executive Directors	32,499,600 (Note 3)	5.10%	32,499,600	5.10%	32,499,600	4.87%
Liu Zigang, an executive Director	20,057,200 (Note 4)	3.15%	20,057,200	3.15%	20,057,200	3.01%
Lee King Hay, an executive Director	1,690,000	0.27%	1,690,000	0.27%	1,690,000	0.25%
Leung Ping Shing, an executive Director	1,250,000	0.20%	1,250,000	0.20%	1,250,000	0.19%
<i>Public shareholders</i>						
Atlantis Investment	–	–	50,000,000	7.85%	50,000,000	7.49%
Other public shareholders	388,009,893	60.90%	388,000,893	60.90%	388,000,893	58.16%
<b>Total</b>	<b>637,130,293</b>	<b>100%</b>	<b>637,130,293</b>	<b>100%</b>	<b>667,130,293</b>	<b>100%</b>

*Note:*

1. 8,457,000 Shares are held by Mr. Ching as beneficial owner in his own capacity.
2. Prosper Well is wholly-owned by Mr. Ching. As such, Mr. Ching is deemed interested in 185,166,600 Shares, and in aggregate interested in 193,623,600 Shares.
3. 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.
4. These Shares are held by Favour Power Limited, which is wholly owned by Mr. Liu Zigang.

## **DEFINITIONS**

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Atlantis Investment”	Atlantis Investment Management (Hong Kong) Limited, an institutional investor, a Independent Third Party
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday and public holidays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Ming Fai International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“connected persons”	has the meanings as ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 12 May 2011, pursuant to which a maximum of 127,426,058 new Shares might fall to be allotted and issued
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	independent third parties who are not connected person(s) (as defined in the Listing Rules) of the Company and are independent of and not connected with the Company and its directors, chief executive, and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ching”	Mr. Ching Chi Fai, an executive Director, the chairman of the Company and a substantial Shareholder, who is interested in approximately 30.39% of the entire issued share capital of the Company as at the date hereof, and a connected person of the Company, he is the sole beneficial owner of Prosper Well
“Placing”	the placing of the Placing Shares by Prosper Well to Atlantis Investment
“Placing Price”	the placing price of HK\$2.124 per Placing Share, for the Placing
“Placing Shares”	50,000,000 Shares which are beneficially owned by Prosper Well and has been placed to Atlantis Investment on 26 May 2011
“Prosper Well”	Prosper Well International Limited, a substantial Shareholder, its ultimate beneficial owner is Mr. Ching
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares by Prosper Well pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 26 May 2011 and entered into between the Company and Prosper Well in respect of the Subscription
“Subscription Shares”	30,000,000 new Shares for which Prosper Well has conditionally agreed to subscribe pursuant to the Subscription Agreement

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

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

Hong Kong, 26 May 2011

*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, Ms. CHAN Yim Ching and Mr. LEUNG Ping Shing; the non-executive Director is Mr. NG Bo Kwong; and the independent non-executive Directors are Mr. SUN Kai Lit Cliff, Mr. HUNG Kam Hung Allan and Mr. MA Chung Fung Horace.*