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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Mingfa Group (International) Company Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Mingfa Group (International) Company Limited**

**明發集團(國際)有限公司**

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

**(Stock Code: 00846)**

**MAJOR TRANSACTIONS  
IN RELATION TO THE PROPOSED DISPOSAL OF  
SALE SHARES AND SALE LOANS**

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A letter from the board of directors of Mingfa Group (International) Company Limited is set out on pages 6 to 19 of this circular.

This circular is being despatched to the Shareholders for information only, and a written Shareholder's approval has been obtained in lieu of holding a general meeting of the Company pursuant to the Listing Rules.

10 October 2022

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings, unless the context otherwise requires:*

|                                      |  |
|--------------------------------------|--|
| “Board”                              | the board of Directors   |
| “BVI”                                | the British Virgin Islands   |
| “C C Land”                           | C C Land Holdings Limited, a company incorporated under the laws of Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange with stock code 1224  |
| “Company”                            | Mingfa Group (International) Company Limited, a company incorporated under the laws of Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange with stock code 846                                       |
| “Completion”                         | the completion of the Disposal pursuant to the terms and conditions of the Sale and Purchase Agreements  |
| “Completion Date I”                  | 15 November 2022 or within three (3) business days after the conditions precedent under the Sale and Purchase Agreement I having been satisfied (or waived by Optimistic Horizon) or such other date as agreed by the Vendor and Optimistic Horizon in writing |
| “Completion Date II”                 | 15 November 2022 or within three (3) business days after the conditions precedent under the Sale and Purchase Agreement II having been satisfied (or waived by Modern Hero) or such other date as agreed by the Vendor and Modern Hero in writing              |
| “Consideration I”                    | the consideration for the disposal of the Sale Share I and the Sale Loan I pursuant to the terms and conditions of the Sale and Purchase Agreement I   |
| “Consideration II”                   | the consideration for the disposal of the Sale Share II and the Sale Loan II pursuant to the terms and conditions of the Sale and Purchase Agreement II  |
| “Deed of Assignment of Sale Loan I”  | the deed of assignment of the Sale Loan I to be entered into between Ming Fat (as assignor) and Emperor Financial (as assignee) for the assignment of the Sale Loan I  |
| “Deed of Assignment of Sale Loan II” | the deed of assignment of the Sale Loan II to be entered into between Ming Fat (as assignor) and Join Wise (as assignee) for the assignment of the Sale Loan II  |

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## DEFINITIONS

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| “Deed of Assumption of Debt I”  | the deed of assumption of debt to be entered into between Ming Fat, Emperor Financial and Target Company for the assumption of 50% of the Outstanding Contribution   |
| “Deed of Assumption of Debt II” | the deed of assumption of debt to be entered into between Ming Fat, Join Wise and Target Company for the assumption of 50% of the Outstanding Contribution   |
| “Director(s)”                   | the director(s) of the Company   |
| “Disposal”                      | the disposal of the Sale Share I, the Sale Share II, the Sale Loan I and the Sale Loan II pursuant to the terms and conditions of the Sale and Purchase Agreement I and the Sale and Purchase Agreement II           |
| “Emperor Financial”             | Emperor Financial Management Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of Emperor International                                     |
| “Emperor International”         | Emperor International Holdings Limited, a company incorporated under the laws of Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange with stock code 163          |
| “Galaxy Earnest”                | Galaxy Earnest Limited, a Shareholder, which holds 5,086,500,000 Shares in issue as at the Latest Practicable Date (representing approximately 83.47% of the issued share capital of the Company)                    |
| “Group”                         | the Company and its subsidiaries   |
| “HK\$”                          | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Hong Kong”                     | the Hong Kong Special Administrative Region of the PRC   |
| “Independent Third Party(ies)”  | an individual(s) or a company(ies) who or which, as far as the Directors are aware after having made all reasonable enquiries, is/are not a connected person(s) of the Company with the meaning of the Listing Rules |
| “Join Wise”                     | Join Wise Enterprises Limited, a company incorporated under the laws of Hong Kong with limited liability, a wholly-owned subsidiary of C C Land  |

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## DEFINITIONS

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| “Land Magic”                    | Land Magic Investments Limited, a company incorporated under the laws of the BVI with limited liability, which is ultimately held by C C Land and CSI Properties Limited, which is a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 497) |
| “Latest Practicable Date”       | 5 October 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular   |
| “Listing Rules”                 | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Ming Fat”                      | Ming Fat Holdings (Hong Kong) Limited, a company incorporated under the laws of Hong Kong with limited liability, a wholly-owned subsidiary of the Company   |
| “Modern Hero”                   | Modern Hero Global Limited, a company incorporated under the laws of the BVI with limited liability, and a wholly-owned subsidiary of C C Land   |
| “Optimistic Horizon”            | Optimistic Horizon Limited, a company incorporated under the laws of the BVI with limited liability, an indirect wholly-owned subsidiary of Emperor International  |
| “Outstanding Contribution”      | an outstanding obligation of Ming Fat (as the nominated financier of the Vendor) to inject HK\$12 million into the Target Company, which remains outstanding as at the Latest Practicable Date   |
| “PRC”                           | the People’s Republic of China (excluding, for the purpose of this circular, Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan)  |
| “Property”                      | the property located at No. 15 Shouson Hill Road West, Hong Kong   |
| “Purchaser(s)”                  | Optimistic Horizon and Modern Hero   |
| “Sale and Purchase Agreement I” | the sale and purchase agreement dated 16 September 2022 entered into between the Vendor, Optimistic Horizon and the Company in relation to the disposal of Sale Share I and Sale Loan I  |

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## DEFINITIONS

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| “Sale and Purchase Agreement II” | the sale and purchase agreement dated 16 September 2022 entered into between the Vendor, Modern Hero and the Company in relation to the disposal of Sale Share II and Sale Loan II  |
| “Sale and Purchase Agreements”   | Sale and Purchase Agreement I and Sale and Purchase Agreement II  |
| “Sale Loan I”                    | fifty percent (50%) of all loan(s), interests, indebtedness and sums owing by Target Company to Ming Fat as at Completion and to be assigned to Emperor Financial pursuant to the Sale and Purchase Agreement I                     |
| “Sale Loan II”                   | fifty percent (50%) of all loan(s), interests, indebtedness and sums owing by Target Company to Ming Fat as at Completion and to be assigned to Join Wise pursuant to the Sale and Purchase Agreement II                            |
| “Sale Share I”                   | one (1) ordinary share in the capital of Target Company owned by the Vendor, being 10% of the entire issued share capital of Target Company and to be purchased by Optimistic Horizon pursuant to the Sale and Purchase Agreement I |
| “Sale Share II”                  | one (1) ordinary share in the capital of Target Company owned by the Vendor, being 10% of the entire issued share capital of Target Company and to be purchased by Modern Hero pursuant to the Sale and Purchase Agreement II       |
| “SFO”                            | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)   |
| “Share(s)”                       | the ordinary share(s) of HK\$0.1 each in the issued share capital of the Company  |
| “Shareholder(s)”                 | the holder(s) of the Share(s)   |
| “Stock Exchange”                 | The Stock Exchange of Hong Kong Limited   |
| “Talent Charm”                   | Talent Charm Corporation Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company  |
| “Target Company”                 | Superb Land Limited (formerly Powerland Holdings Limited), a company incorporated under the laws of the BVI with limited liability  |
| “Target Group”                   | the Target Company and its wholly-owned subsidiary, being Talent Charm  |

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## DEFINITIONS

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| “Valuation Report” | the valuation report in respect of the valuation of the market value of 100% of the Property as at 31 August 2022 prepared by the Valuer |
| “Valuer”           | Vincorn Consulting and Appraisal Limited, an independent professional valuer   |
| “Vendor”           | Easycrest Limited, a company incorporated under the laws of the BVI and a wholly owned subsidiary of the Company                         |
| “sq.ft.”           | square feet  |
| “%”                | per cent   |



**Mingfa Group (International) Company Limited**  
**明發集團(國際)有限公司**

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

**(Stock Code: 00846)**

*Executive Directors:*

Mr. Ng Man Fung Walter  
Mr. Zhong Xiaoming  
Mr. Liu Yuwei

*Non-Executive Director:*

Dr. Lam, Lee G. (*Chairman*)

*Independent Non-Executive Directors:*

Mr. Lau Kin Hon  
Mr. Chu Kin Wang Peleus  
Mr. Chan Sing Lai

*Registered office:*

Vistra (Cayman) Limited  
P.O. Box 31119 Grand Pavilion  
Hibiscus Way, 802 West Bay Road  
Grand Cayman, KY1-1205  
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*Head office in the PRC:*

Jiangsu Mingfa Business Park  
No. 88 Pudong North Road  
Pukou, Nanjing City  
Jiangsu Province, PRC

*Principal place of business  
in Hong Kong:*

Units 6–8, 23/F, South Tower  
Concordia Plaza  
1 Science Museum Road  
Tsim Sha Tsui  
Kowloon, Hong Kong

10 October 2022

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTIONS  
IN RELATION TO THE PROPOSED DISPOSAL OF  
SALE SHARES AND SALE LOANS**



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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

On 16 September 2022 (after trading hours of the Stock Exchange), Optimistic Horizon (as purchaser) the Vendor and the Company (as guarantor of the Vendor), entered into the Sale and Purchase Agreement I, pursuant to which, (i) the Vendor has conditionally agreed to sell and Optimistic Horizon has conditionally agreed to acquire the Sale Share I and (ii) the Vendor conditionally agreed to procure Ming Fat to assign and Optimistic Horizon has conditionally agreed to procure Emperor Financial to take up the assignment of the Sale Loan I at Consideration I. The Company is a party to the Sale and Purchase Agreement I to guarantee to Optimistic Horizon the due and punctual performance of the Vendor's obligations thereunder.

Concurrently, on 16 September 2022 (after trading hours of the Stock Exchange), Modern Hero (as purchaser), the Vendor and the Company (as guarantor of the Vendor), entered into the Sale and Purchase Agreement II, pursuant to which, (i) the Vendor has conditionally agreed to sell and Modern Hero has conditionally agreed to acquire the Sale Share II and (ii) the Vendor conditionally agreed to procure Ming Fat to assign and Modern Hero has conditionally agreed to procure Join Wise to take up the assignment of the Sale Loan II at Consideration II. The Company is a party to the Sale and Purchase Agreement II to guarantee to Modern Hero the due and punctual performance of the Vendor's obligations thereunder.

The purpose of this circular is to provide the Shareholders with further information on (i) details of the Disposal; (ii) financial information of the Company; (iii) the Valuation Report; and (iv) other information as required under the Listing Rules.

### 2. THE SALE AND PURCHASE AGREEMENT I

#### **Date**

16 September 2022 (after trading hours of the Stock Exchange)

#### **Parties**

Vendor: Easycrest Limited

Purchaser: Optimistic Horizon Limited

Vendor's guarantor: Mingfa Group (International) Company Limited

#### **Assets to be disposed of**

Pursuant to the Sale and Purchase Agreement I, (i) the Vendor has conditionally agreed to sell and Optimistic Horizon has conditionally agreed to acquire the Sale Share I, being one (1) ordinary share in the capital of the Target Company owned by the Vendor, representing 10% of the entire issued share capital of the Target

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## LETTER FROM THE BOARD

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Company; and (ii) the Vendor conditionally agreed to procure Ming Fat to assign and Optimistic Horizon has conditionally agreed to procure Emperor Financial to take up the assignment of the Sale Loan I.

### **Simultaneous and concurrent completion**

Pursuant to the Sale and Purchase Agreement I, Optimistic Horizon shall not be obliged to complete the purchase of the Sale Share I and/or exercise its obligations to procure Emperor Financial to take up the assignment of the Sale Loan I, unless (i) completion of the purchase of the Sale Share I and the assignment of the Sale Loan I shall take place simultaneously; and (ii) the Sale and Purchase Agreement I and the transactions contemplated herein and the Sale and Purchase Agreement II and the transactions contemplated therein are completed concurrently.

### **Consideration and payment terms**

The Consideration I is HK\$325 million.

After taking into account the set-off of 50% of the Outstanding Contribution (i.e. HK\$6 million), the amount payable by Optimistic Horizon to the Vendor shall be HK\$319 million, which shall be payable upon completion of the Sale and Purchase Agreement I by delivery of cashier order(s) issued by a licensed bank in Hong Kong or in such other manner as the Vendor and Optimistic Horizon may otherwise agree in writing.

The Consideration I was determined after arm's length negotiations between the Vendor and Optimistic Horizon on normal commercial terms with reference to, among others, (i) the preliminary appraised value of 100% of the Property, which amounts to approximately HK\$7,014 million as at 31 August 2022 under the preliminary valuation based on market approach conducted by the Valuer; (ii) the amount of Sale Loan I of approximately HK\$252.4 million as of 30 June 2022 due from the Target Company to Ming Fat; and (iii) the unaudited consolidated net liabilities of the Target Company of approximately HK\$137.0 million as of 30 June 2022. The principal asset of the Target Company and its subsidiary is the Property.

### **Conditions Precedent**

Completion of the disposal of Sale Share I and assignment of Sale Loan I shall be conditional upon the fulfilment (or waived) of the following conditions precedent:

- (i) the Vendor having obtained waiver of, any right of pre-emption which exists or may exist in respect of the Sale Share I, whether pursuant to the articles of association of Target Company or otherwise howsoever arising;

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## LETTER FROM THE BOARD

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- (ii) the Vendor having obtained the written consent of the existing lender to the Sale and Purchase Agreement I and the transactions contemplated thereunder at its own costs and delivered to Optimistic Horizon all relevant documentary evidence showing the grant of such consent and release of any of its obligations by the existing lender;
- (iii) where applicable, the Company having obtained all the necessary corporate approval by its shareholder(s) (by way of obtaining a written shareholders' approval or (if such written approval has not been obtained) by passing an ordinary resolution in a general meeting) approving the Sale and Purchase Agreement I and the transactions contemplated thereunder;
- (iv) the Vendor having been able to procure Ming Fat to sign the Deed of Assignment of Sale Loan I and Deed of Assumption of Debt I;
- (v) all the warranties remaining true and accurate and not misleading as at Completion and no events having occurred that would result in any breach of any of the warranties or provisions of the Sale and Purchase Agreement I by the Vendor;
- (vi) Optimistic Horizon having obtained all relevant internal approval from its board of directors and (where required by the Listing Rules) the board of directors of its parent company Emperor International in respect of the Sale and Purchase Agreement I and the transactions contemplated thereunder;
- (vii) the conditions precedent to completion of the Sale and Purchase Agreement II and transactions contemplated thereunder having been satisfied or waived; and
- (viii) the transactions contemplated under the Sale and Purchase Agreement I shall be completed concurrently with the transactions contemplated under the Sale and Purchase Agreement II.

If any of the conditions precedent has not been satisfied (or waived by Optimistic Horizon) before the expiry of nine (9) months from the date of the Sale and Purchase Agreement I, Optimistic Horizon (or the Vendor) may terminate the Sale and Purchase Agreement I by giving at least five (5) business days' prior written notice to the Vendor (or Optimistic Horizon) and upon expiry of the said notice period, the Sale and Purchase Agreement I shall cease to have any effect and become null and void, all the obligations and liabilities of Optimistic Horizon, the Vendor and the Company thereunder shall cease and determine.

Optimistic Horizon may in its absolute discretion at any time waive in writing any of the conditions precedent or any part thereof on such terms as it may decide, except that conditions precedent (iii) and (vi) set out above shall not be waived. Save as so waived, the Vendor shall use its best endeavours to ensure that all the conditions precedent set out above (save and except for the condition precedent (vi) above) shall be fulfilled as soon as possible after execution of the Sale and Purchase Agreement I.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, save for the condition precedent (iii) above, none of the above conditions precedent set out above is fulfilled.

### **Completion**

Completion of the Sale and Purchase Agreement I shall take place on the Completion Date I, following which and the completion of the disposal of Sale Share II, the Company will cease to have any interest in Target Company.

### **Guarantee**

The Company (i) guarantees to Optimistic Horizon the due and punctual performance of the Vendor's obligations (whether present or future, actual or contingent) under or pursuant to the Sale and Purchase Agreement I and all other transaction documents as if the Company were the principal obligor to the intent that the Company, shall itself forthwith on demand perform and discharge such obligations and undertake to indemnify and keep indemnified Optimistic Horizon in title against all losses, liabilities, damages, costs and expenses of whatsoever nature including, without limitation, legal expenses, which it may suffer or incur arising from or in connection with any default or undue delay on the part of the Vendor in the performance of its obligations under or pursuant to the Sale and Purchase Agreement I and/or any other transaction document(s) and (ii) without limiting the generality of (i) above, the Company guarantees to pay, on demand, any sum which the Vendor fails to pay to the Purchaser in accordance with the Sale and Purchase Agreement I and/or any other transaction document(s).

### **Other terms**

Ming Fat (as the nominated financier of the Vendor) is obliged to inject HK\$12 million into the Target Company (i.e. the Outstanding Contribution). The Outstanding Contribution remained outstanding as at the Latest Practicable Date. Subject to completion of the disposal of Sale Share I and assignment of Sale Loan I taking place, the Vendor has agreed to procure Ming Fat (as the nominated financier of the Vendor) to transfer, and Optimistic Horizon has agreed to procure Emperor Financial to assume, take up and accept all the liabilities and obligations in respect of 50% of the Outstanding Contribution by entering into the Deed of Assumption of Debt I at Completion in consideration of Ming Fat (for and on behalf of the Vendor) paying an amount equal to 50% of the Outstanding Contribution, being the sum of HK\$6 million, to Emperor Financial. Such consideration shall be off-set by deducting HK\$6 million from the Consideration I.

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## LETTER FROM THE BOARD

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### 3. THE SALE AND PURCHASE AGREEMENT II

#### Date

16 September 2022 (after trading hours of the Stock Exchange)

#### Parties

Vendor: Easycrest Limited

Purchaser: Modern Hero Global Limited

Vendor's guarantor: Mingfa Group (International) Company Limited

#### Assets to be disposed of

Pursuant to the Sale and Purchase Agreement II, (i) the Vendor has conditionally agreed to sell and Modern Hero has conditionally agreed to acquire the Sale Share II, being one (1) ordinary share in the capital of Target Company owned by the Vendor, representing 10% of the entire issued share capital of Target Company; and (ii) the Vendor conditionally agreed to procure Ming Fat to assign and Modern Hero has conditionally agreed to procure Join Wise to take up the assignment of the Sale Loan II.

#### Simultaneous completion

Pursuant to the Sale and Purchase Agreement II, Modern Hero shall not be obliged to complete the purchase of the Sale Share II and/or exercise its obligations to procure Join Wise to take up the assignment of the Sale Loan II, unless completion of the purchase of the Sale Share II and the assignment of the Sale Loan II shall take place simultaneously.

#### Consideration and payment terms

The Consideration II is HK\$325 million.

After taking into account the set-off of 50% of the Outstanding Contribution (i.e. HK\$6 million), the amount payable by Modern Hero to the Vendor shall be HK\$319 million, which shall be payable on Completion Date II by delivery of cashier order(s) issued by a licensed bank in Hong Kong or in such other manner as the Vendor and Modern Hero may otherwise agree in writing.

The Consideration II was determined after arm's length negotiations between the Vendor and Modern Hero on normal commercial terms with reference to, among others, (i) the preliminary appraised value of 100% of the Property, which amounts to approximately HK\$7,014 million as at 31 August 2022 under the preliminary valuation based on market approach conducted by the Valuer; (ii) the amount of Sale Loan II of approximately HK\$252.4 million as of 30 June 2022 due from the Target Company to

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## LETTER FROM THE BOARD

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Ming Fat; and (iii) the unaudited consolidated net liabilities of the Target Company of approximately HK\$137.0 million as of 30 June 2022. The principal asset of the Target Group is the Property.

### Conditions Precedent

Completion of the disposal of Sale Share II and assignment of Sale Loan II shall be conditional upon the fulfilment (or waived) of the following conditions precedent:

- (i) the Vendor having obtained waiver of, any right of pre-emption which exists or may exist in respect of the Sale Share II, whether pursuant to the articles of association of Target Company or otherwise howsoever arising;
- (ii) the Vendor having obtained the written consent of the existing lender in respect of to the Sale and Purchase Agreement II and the transactions contemplated thereunder at its own costs and delivered to Modern Hero all relevant documentary evidence showing the grant of such consent and release of any of its obligations by the existing lender;
- (iii) where applicable, the Company having obtained all the necessary corporate approval by its shareholder(s) (by way of obtaining a written shareholders' approval or (if such written approval has not been obtained) by passing an ordinary resolution in a general meeting) approving the Sale and Purchase Agreement II and the transactions contemplated thereunder;
- (iv) the Vendor having been able to procure Ming Fat to sign the Deed of Assignment of Sale Loan II and Deed of Assumption of Debt II;
- (v) all the warranties remaining true and accurate and not misleading as at Completion and no events having occurred that would result in any breach of any of the warranties or provisions of the Sale and Purchase Agreement II by the Vendor;
- (vi) Modern Hero having obtained all relevant internal approval from its board of directors and the board of directors of C C Land in respect of the Sale and Purchase Agreement II and the transactions contemplated hereunder; and
- (vii) (if required by the Listing Rules or the Stock Exchange) C C Land having obtained all necessary approval by its shareholder(s) (by way of obtaining a written shareholders' approval or (if such written approval has not been obtained) by passing an ordinary resolution in a general meeting) approving the Sale and Purchase Agreement II and the transactions contemplated thereunder.

If any of the conditions precedent has not been satisfied (or waived by Modern Hero) before the expiry of nine (9) months from the date of the Sale and Purchase Agreement II, Modern Hero (or the Vendor) may terminate of the Sale and Purchase Agreement II by giving at least five (5) business days' prior written notice to the

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## LETTER FROM THE BOARD

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Vendor (or Modern Hero) and upon expiry of the said notice period, the Sale and Purchase Agreement II shall cease to have any effect and become null and void, all the obligations and liabilities of Modern Hero, the Vendor and the Company thereunder shall cease and determine.

Modern Hero may in its absolute discretion at any time waive in writing any of the conditions precedent or any part thereof on such terms as it may decide, except that conditions precedent (vi) and (vii) set out above shall not be waived. Save as so waived, the Vendor shall use its best endeavours to ensure that all the conditions precedent set out above (save and except for the conditions precedent (vi) and (vii) above) shall be fulfilled as soon as possible after execution of the Sale and Purchase Agreement II.

As at the Latest Practicable Date, save for the condition precedent (iii) above, none of the above conditions precedent set out above is fulfilled.

### **Completion**

Completion of the Sale and Purchase Agreement II shall take place on the Completion Date II, following which and the completion of the disposal of Sale Share I, the Company will cease to have any interest in Target Company.

### **Guarantee**

The Company (i) guarantees to Modern Hero the due and punctual performance of the Vendor's obligations (whether present or future, actual or contingent) under or pursuant to the Sale and Purchase Agreement II and all other transaction documents as if the Company were the principal obligor to the intent that the Company, shall itself forthwith on demand perform and discharge such obligations and undertake to indemnify and keep indemnified Modern Hero in title against all losses, liabilities, damages, costs and expenses of whatsoever nature including, without limitation, legal expenses, which it may suffer or incur, arising from or in connection with any default or undue delay on the part of the Vendor in the performance of its obligations under or pursuant to the Sale and Purchase Agreement II and/or any other transaction document(s) and (ii) without limiting the generality of (i) above, the Company guarantees to pay, on demand, any sum which the Vendor fails to pay to the Purchaser in accordance with the Sale and Purchase Agreement II and/or any other transaction document(s).

### **Other terms**

Ming Fat (as the nominated financier of the Vendor) is obliged to inject HK\$12 million into the Target Company (i.e. the Outstanding Contribution). The Outstanding Contribution remained outstanding as at the Latest Practicable Date. Subject to completion of the disposal of Sale Share II and assignment of Sale Loan II taking place, the Vendor has agreed to procure Ming Fat (as the nominated financier of the Vendor) to transfer, and Modern Hero has agreed to procure Join Wise to assume, take up and accept all the liabilities and obligations in respect of 50% of the Outstanding Contribution by entering into the Deed of Assumption of Debt II at Completion in



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## LETTER FROM THE BOARD

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consideration of Ming Fat (for and on behalf of the Vendor) paying an amount equal to 50% of the Outstanding Contribution, being the sum of HK\$6 million, to Join Wise. Such consideration shall be off-set by deducting HK\$6 million from Consideration II.

#### **4. INFORMATION ON THE COMPANY, THE VENDOR AND MING FAT**

The Company is a company incorporated under the laws of Cayman Islands with limited liability. The Group is one of the leading developers of integrated mixed-use commercial complexes and large-scale mixed-use residential properties in the PRC. The Group also develops hotels and industrial properties such as logistics centres and research and development centres. Geographically, the Group focuses on affluent second and third tier cities in the PRC where it sees the potential for substantial economic growth, such as Xiamen and Zhangzhou in Fujian Province, Nanjing, Wuxi and Yangzhou in Jiangsu Province and Wujiang, Hefei and Jinzhai in Anhui Province. Over its 26 years of operation, the Group has established strong market positions in Fujian Province in the Western Straits Economic zone and Jiangsu Province in the Greater Yangtze River Delta.

The Vendor is a company incorporated under the laws of the BVI and a wholly-owned subsidiary of the Company. Its principal activity is property development. As of the Latest Practicable Date, the Vendor legally and beneficially owns 20% of the entire issued share capital of Target Company.

Ming Fat is a company incorporated under the laws of Hong Kong with limited liability, a wholly-owned subsidiary of the Company. Its principal activity is investment holding.

#### **5. INFORMATION ON THE TARGET GROUP AND THE PROPERTY**

##### **Information on the Target Group**

The Target Company is a company incorporated in the BVI with limited liability. The principal business of the Target Company is investment holding of a company which directly holds the Property and the legal and beneficial owner of the entire issued share capital of the property holding company which directly holds the Property. The purpose of the formation of the Target Company is to bid the land where the Property is situated and develop it into houses which are for residential purpose. The Group is one of the founding members of the Target Company and has held 20% interests of the Target Company since its incorporation. As at the Latest Practicable Date, the Target Company is beneficially owned as to 20%, 40% and 40% by the Vendor, Optimistic Horizon, Land Magic respectively.



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## LETTER FROM THE BOARD

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For the purpose of this circular, the audited consolidated financial information of the Target Company for the two years ended 31 December 2020 and 2021 are set out below:

|                        | <b>For<br/>the year ended<br/>31 December<br/>2020<br/><i>HK\$'000</i><br/>(audited)</b> | <b>For<br/>the year ended<br/>31 December<br/>2021<br/><i>HK\$'000</i><br/>(audited)</b> |
|------------------------|--|--|
| (Loss) before taxation | (170.9)  | (72,343)   |
| (Loss) after taxation  | (170.9)  | (72,343)   |

The unaudited consolidated total asset value and net liabilities of the Target Company as at 30 June 2022 was approximately HK\$4,968.7 million and HK\$137.0 million, respectively.

### **Information on the Property**

The Target Company is an indirect beneficial owner of the Property through Talent Charm, which is a company incorporated in Hong Kong with limited liability.

The Property refers to the property development project in Shouson Hill, which is known as “No. 15 SHOUSON”. No. 15 SHOUSON is a luxury residential property development project which offers 15 detached houses with a total gross floor area of approximately 87,200 square feet. As at the Latest Practicable Date, the Target Company has completed the construction of 15 low-density luxury villas, 2 of which have been sold and will be delivered in 2022 and 2023. The remaining houses are currently vacant and available for sale.

## **6. INFORMATION ON THE PURCHASERS AND RELATED PARTIES**

Optimistic Horizon is a company incorporated under the laws of the BVI with limited liability and an indirect wholly-owned subsidiary of Emperor International. Its principal activity is investment holding.

Emperor Financial is a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of Emperor International. Its principal activity is financial management.

Emperor International is a company incorporated in Bermuda with limited liability and is an investment holding company. The principal businesses of Emperor International and its subsidiaries are property investments, property development and hospitality in the Greater China and overseas. Emperor International is a company listed on the Main Board of the Stock Exchange (stock code: 163).

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## LETTER FROM THE BOARD

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Modern Hero is a company incorporated under the laws of the BVI with limited liability and a wholly-owned subsidiary of C C Land. Its principal business activity is investment holding.

Join Wise is a company incorporated under the laws of Hong Kong with limited liability, and a wholly-owned subsidiary of C C Land. Its principal business activity is treasury management.

C C Land is a company incorporated in Bermuda with limited liability and is an investment holding company. The principal business activities of its subsidiaries are property development and investment as well as treasury investments. C C Land is a company listed on the Main Board of the Stock Exchange (stock code: 1224).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) Optimistic Horizon, Emperor Financial, Emperor International and their ultimate beneficial owner(s) and (ii) Modern Hero, Join Wise and C C Land and their ultimate beneficial owner(s) are Independent Third Parties, as at the Latest Practicable Date.

### **7. REASONS FOR THE DISPOSAL**

The Company is an investment holding company and its subsidiaries are principally engaged in property investment and property development. The Directors considered that the Disposal represents a good opportunity for the Group to crystallise the gain in its minority interests in the Property amid the uncertainties over the luxury residential property market in Hong Kong. The Directors expect that the net proceeds from the Disposal will enhance the financial position of the Group and to provide sufficient capital reserve to fulfill its repayment obligations.

In light of the above, the Directors consider that the terms of the Sale and Purchase Agreement I and the Sale and Purchase Agreement II and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **8. FINANCIAL IMPACT OF THE DISPOSAL**

Upon the Completion, the Company will cease to hold any interest in the Target Company.

Based on the unaudited financial information of the Target Company as at 30 June 2022 and the total consideration of HK\$650 million, the Company is expected to recognize a gain of approximately HK\$133 million from the Disposal before any transaction costs. Such estimation is calculated based on the difference between the total consideration of HK\$650 million and the carrying value of the Company's interest in the Target Company as at 30 June 2022, less the amount of Sale Loan I and Sale Loan II and the Outstanding Contribution. The actual gain on the Disposal may be different from the above and will be determined based on the financial position of the Target Company on the date of the Completion and be subject to audit. Immediately upon Completion, (i) the current assets of

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## LETTER FROM THE BOARD

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the Group will be increased by approximately HK\$133 million; (ii) the non-current assets of the Group will be reduced by US\$2, being share capital of Target Company injected by the Group; and (iii) there will be no effect on current liabilities and non-current liabilities.

The aforesaid estimation is to illustrate the estimated financial impact resulting from the Disposal only and does not purport to represent the financial position of the Group after Completion.

### **9. USE OF PROCEEDS**

The net proceeds from the Disposal, after deducting transaction costs attributable to the Disposal, are expected to be approximately HK\$631.0 million, which is intended to be applied in the following manner: (i) approximately HK\$431.8 million (i.e. approximately 68.4% of the net proceeds) will be allocated for the repayment of outstanding borrowings, loans, bonds, notes or other financial commitments; and (ii) approximately HK\$199.2 million (i.e. approximately 31.6% of the net proceeds) will be allocated for general working capital purposes.

### **10. LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, a written Shareholders' approval may be accepted in lieu of holding a general meeting to approve the Sale and Purchase Agreements and the transactions contemplated thereunder on the conditions that (i) no Shareholder is required to abstain from voting if a general meeting of the Company is held to approve the Sale and Purchase Agreements and the transactions contemplated thereunder; and (ii) approval has been given by a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the Shares in issue giving the right to vote at general meetings to approve the Sale and Purchase Agreements and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, no Shareholders or any of their respective associates have any material interest in the Sale and Purchase Agreements and the transactions contemplated thereunder and thus none of the Shareholders is required to abstain from voting if were to convene a general meeting for the approval of the Sale and Purchase Agreements and the transactions contemplated thereunder.

As at the Latest Practicable Date, Galaxy Earnest Limited, a Shareholder, which holds 5,086,500,000 Shares in issue (representing approximately 83.47% of the issued share capital of the Company) has given its written approval to the Sale and Purchase Agreements and the transactions contemplated thereunder and such written approval is accepted in lieu

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## LETTER FROM THE BOARD

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of holding a general meeting. As a result, no extraordinary general meeting will be convened for the Company for the purpose of approving the Sale and Purchase Agreements and the transactions contemplated thereunder.

### **11. DIRECTORS' VIEW ON VALUATION REPORT**

The Directors have reviewed and enquired the Valuer's qualifications and experience in relation to the performance of the valuation. The Directors believe upon making reasonable enquiries that the Valuer is a professional valuation company experienced in performing valuation. Based on the information provided by the Valuer (i.e. company brochure and previous experience) and after making reasonable enquires, the Directors are of the view that the Valuer possesses the necessary competence and independence in preparing the Valuation Report.

The Directors discussed the Valuation Report with the Valuer and understand that regarding the valuation methodology adopted in the preliminary valuation and the Valuation Report, the Valuer has considered all the commonly adopted valuation approaches in the market (namely, asset approach, market approach and income approach) for the purpose of determining the preliminary appraised value and the appraised value of 100% of the Property and is of the view that the market approach is the most appropriate valuation methodology in the case of the Property.

Given the above, the Directors are satisfied that the methodology and the principal bases and assumptions adopted for the preliminary valuation and the Valuation Report are appropriate, and therefore are of the view that the appraised value serves as a fair and reasonable reference to the fair value of the Property.

### **12. ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the appendices to this circular.

### **13. GENERAL**

Completion is subject to the fulfilment of certain conditions precedent, and, therefore may or may not take place. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

### **14. RECOMMENDATION**

The Directors are of the view that the terms of the Sale and Purchase Agreement I and the Sale and Purchase Agreement II and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Board would recommend the Shareholders to vote in favour of the ordinary resolution in relation to the Sale and Purchase Agreement I and the Sale and Purchase Agreement II and the transactions contemplated thereunder if the Company were to convene a general meeting for the approval of the same.

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**LETTER FROM THE BOARD**

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**15. MISCELLANEOUS**

The English text of this circular shall prevail over the Chinese text for the purpose of the interpretation.

Yours faithfully,  
On behalf of the Board  
**Mingfa Group (International) Company Limited**  
**POON WING CHUEN**  
*Company Secretary*

## 1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The consolidated financial statements of the Group, together with the accompanying notes, for each of the three years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022 are disclosed in the annual reports and interim report of the Company for the financial years ended 31 December 2019 (pages 97 to 227), 31 December 2020 (pages 99 to 235), and 31 December 2021 (pages 98 to 235), and the six months ended 30 June 2022 (pages 38 to 66), respectively, and are incorporated by reference into this circular.

The said annual reports and interim report of the Company are available on the Company's website at [www.ming-fa.com](http://www.ming-fa.com) and website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) through the links below:

Annual report of the Company for the year ended 31 December 2019:

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0429/2020042900177.pdf>)

Annual report of the Company for the year ended 31 December 2020:

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0421/2021042101212.pdf>)

Annual report of the Company for the year ended 31 December 2021:

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042901729.pdf>)

Interim report of the Company for the six months ended 30 June 2022:

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0916/2022091601286.pdf>)

## 2. INDEBTEDNESS STATEMENT

### Borrowings

As at the close of business on 31 August 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total borrowings of approximately RMB3,228,493,000. The details of the Group's total borrowings are set out as follows:

| <b>Borrowings</b>             | <i>RMB'000</i>          |
|-------------------------------|-------------------------|
| Bank borrowings — secured     | 2,849,510               |
| Senior notes and junior notes | <u>378,983</u>          |
| Total                         | <u><u>3,228,493</u></u> |

**Lease liabilities**

As at the close of business on 31 August 2022, the Group had total lease liabilities, primarily the rental payable for the Group's office premise of approximately RMB12,806,000.

Save as disclosed above and apart from intra-group liabilities and normal accounts payable and bills payable in the ordinary course of business, the Group did not have any loan capital issued and outstanding or authorised or otherwise created but unissued, bank overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges or hire purchase commitments at the close of business on 31 August 2022.

The Directors confirm that there are no material changes in the indebtedness position of the Group since on 31 August 2022.

**3. CONTINGENT LIABILITIES**

As at the close of business on 31 August 2022, the Group had material contingent liabilities arising in the ordinary course of business as follows:

|  | <i>RMB'000</i>          |
|--|-------------------------|
| Guarantees in respect of mortgage facilities<br>for certain purchasers of the Group's properties | 8,109,899               |
| Guarantees in respect of banking facilities<br>granted to an associated company                  | 682,476                 |
| Guarantees in respect of banking facilities<br>granted to a joint venture                        | <u>409,923</u>          |
| Total  | <u><u>9,202,298</u></u> |

**4. WORKING CAPITAL**

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the financial resources presently available to the Group including the internally generated funds, the current available facilities and the effects of the Disposal, and in the absence of unforeseen circumstances, the Group has sufficient working capital for its normal business for at least the next twelve months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

**5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated accounts of the Company were made up.

## 6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The real estate sector encountered difficult business environment. The spread of Covid-19 has significant adverse impacts on the global economy and the PRC government imposed various strict measures to control the spread of Covid-19. Also, austerity fiscal and monetary policies was continued to be imposed. In addition, the investors had hesitation to invest the new bonds issued by real estate developers which was used to re-finance the old borrowings.

The Group has continued to strengthen its expertise to bolster its market position and focus on developing a diversified and balanced property portfolio in Yangtze Area.

Looking forward, the Board will be prudent towards the prospects of real estate market in PRC. In consideration of the uncertain global economic environment, the Group will continue to apply prudent financial policies in carrying out its business. The Group will also continue to concentrate on the property development in Yangtze Area, especially in Nanjing and certain cities in Anhui. By steadfastly adhering to its low land-cost strategy and actively exploring acquisition opportunities of land parcels in high growth potential cities, the Board has confidence in the business performance of the Group.



*The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this circular received from Vincorn Consulting and Appraisal Limited, an independent valuer, in connection with its valuation of the property interests to be disposed of by the Group. Terms defined in this appendix applies to this appendix only.*

**Vincorn Consulting and Appraisal Limited**

Units 1602–4, 16/F  
FWD Financial Centre  
No. 308 Des Voeux Road Central  
Hong Kong

**The Board of Directors**

Mingfa Group (International) Company Limited  
Units 6–8, 23/F, South Tower,  
Concordia Plaza,  
No. 1 Science Museum Road,  
Tsim Sha Tsui, Kowloon,  
Hong Kong

10 October 2022

Dear Sirs,

**INSTRUCTION AND VALUATION DATE**

We refer to your instructions for us to assess the Market Value of the property interests located in Hong Kong to be disposed of by Mingfa Group (International) Company Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) for the purposes of public disclosure. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary in order to provide you with our opinion of the Market Value of the property interests as at 31 August 2022 (the “Valuation Date”).

**VALUATION STANDARDS**

The valuation has been prepared in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors effective from 31 December 2020 with reference to the International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2022; and the requirements set out in the Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited.

**VALUATION BASIS**

Our valuation has been undertaken on the basis of Market Value. Market Value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

**VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowances have been made for any charges, mortgages or amounts owing on the property interests, nor for any expenses or taxations which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect the value of the property interests.

As the property interests are held under long term leasehold interests, we have assumed that the owner has free and uninterrupted rights to use the property interests for the whole of the unexpired term of the leasehold interests.

**VALUATION METHODOLOGY**

When valuing the property interests to be disposed of by the Group, we have adopted Market Approach.

Market Approach is universally considered as the most accepted valuation approach for valuing most forms of property. This involves the analysis of recent market evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparables is then compared with the subject and where there are any differences, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as time, location, building age, building quality and so on.

**LAND TENURE AND TITLE INVESTIGATION**

We have made enquiries and relevant searches at the Hong Kong Land Registry. However, we have not searched the original documents nor have we verified the existence of any amendments, which do not appear in the documents available to us. All documents have been used for reference only.

All legal documents disclosed in this letter and the valuation certificate are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the property interests set out in this letter and the valuation certificate.

### **INFORMATION SOURCES**

We have relied to a considerable extent on information provided by the Group. We have also accepted advice given to us on matters such as identification of the property, particulars of occupancy, areas and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of information provided to us by the Group which is material to the valuation.

### **INSPECTION AND INVESTIGATIONS**

The property was inspected on 20 July 2022. Although not all areas were accessible for viewing at the time of inspection, we have endeavoured to inspect all areas of the property. Investigations were carried out as necessary. Our investigations have been conducted independently and without influence from any third party in any manner.

We have not tested any services of the property and are therefore unable to report on their present conditions. We have not undertaken any structural surveys of the property and are therefore unable to comment on the structural conditions. We have not carried out any investigations on site to determine the suitability of the ground conditions for any future developments. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be required.

We have not carried out any on-site measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the documents or deduced from the plans are correct. All documents and plans have been used as reference only and all dimensions, measurements and areas are therefore approximations.

**CURRENCY**

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollar (“HKD”).

The valuation certificate is attached hereto.

Yours faithfully,  
For and on behalf of  
**Vincorn Consulting and Appraisal Limited**

**Vincent Cheung**  
*BSc (Hons) MBA FRICS MHKIS RPS (GP)*  
*MCIREA MHKSI MISC MHIREA*  
*RICS Registered Valuer*  
*Registered Real Estate Appraiser & Agent PRC*  
*Managing Director*

*Note:* Vincent Cheung is a fellow of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong, a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser and Agent People’s Republic of China. He is suitably qualified to carry out the valuation and has over 25 years of experience in the valuation of properties of this magnitude and nature in the subject region.

## VALUATION CERTIFICATE

## Property Interests for Sale to be Disposed of by the Group in Hong Kong

| Property  | Description and Tenure  | Occupancy Particulars   | Market Value<br>in the Existing State<br>as at 31 August 2022   |
|---|---|---|---|
| No. 15 Shouson,<br>No. 15 Shouson Hill<br>Road West,<br>Hong Kong | <p>The property comprises 15-three storey single family houses plus one-storey of carport located in Shouson Hill, Hong Kong.</p> <p>As per the Land Grant, the subject site has a site area of approximately 116,897 square feet ("sq.ft."). As per the approved building plans and the sales brochure, the property has a total gross floor area and saleable area of approximately 87,199 sq.ft. and 97,068 sq.ft. respectively. As per the Occupation Permit No. HK54/2019 (OP), the property was completed in about 2019.</p> <p>The subject lot is held under Conditions of Sale No. 20223 for a term of 50 years commencing from 13 June 2014.</p> | As per our on-site inspection and information provided by the Group, the property is currently vacant and available for sale. | <p>HKD7,014,000,000<br/>(HONG KONG<br/>DOLLARS SEVEN<br/>BILLION AND<br/>FOURTEEN<br/>MILLION)</p> <p>20% Interest<br/>Attributable to the<br/>Group Before<br/>Disposal:</p> <p>HKD1,402,800,000<br/>(HONG KONG<br/>DOLLARS ONE<br/>BILLION FOUR<br/>HUNDRED AND<br/>TWO MILLION<br/>EIGHT HUNDRED<br/>THOUSAND)</p> |

*Notes:*

- The property was inspected by Roy Chan *BSc (Hons) MRICS MHKIS RPS (GP) RICS Registered Valuer* on 20 July 2022.
- The valuation and this certificate were prepared by Vincent Cheung *BSc (Hons) MBA FRICS MHKIS RPS (GP) MCIREA MHKSI MISCM MHIREA RICS Registered Valuer Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *BSc (Hons) MRICS MHKIS RPS (GP) MCIREA RICS Registered Valuer Registered Real Estate Appraiser PRC*.
- The details of the land search records of the property dated 9 September 2022 are summarised below:

| Item              | Details   |
|-------------------|---|
| Registered Owner: | Talent Charm Corporation Limited by Conditions of Sale No. 20223 of Rural Building Lot No. 1198 |
| Government Rent:  | 3% of the rateable value from time to time of the subject lot                                   |

| Item                | Details  |
|---------------------|--|
| Major Encumbrances: | <ul style="list-style-type: none"> <li>• Occupation Permit No. HK54/2019 (OP) dated 26 September 2019, registered vide Memorial No. 19102500750018;</li> <li>• Certificate of Compliance dated 16 November 2020, registered vide Memorial No. 20112502200032 (Remarks: from District Lands Office/Hong Kong West &amp; South Lands Department); and</li> <li>• Mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited dated 9 December 2021, registered vide Memorial No. 21122202320021 (Remarks: Re: Rural Building Lot No. 1198).</li> </ul> |

4. The property is erected on Rural Building Lot No. 1198, which is held under a Conditions of Sale No. 20223. The salient conditions are summarised below:

| Item                      | Details  |
|---------------------------|--|
| Lot Number:               | Rural Building Lot No. 1198  |
| Lease Term:               | 50 years commencing from 13 June 2014  |
| Site Area:                | Approximately 116,897 sq.ft.   |
| Major Special Conditions: | <ul style="list-style-type: none"> <li>• The Lot or any part thereof or any building or part of any building erected or to be erected thereon shall not be used for any purpose other than for private residential purposes;</li> <li>• The total gross floor area of any building or buildings erected or to be erected on the lot shall not be less than 4,887 square metres and shall not exceed 8,145 square metres;</li> <li>• The total site coverage of any building or buildings erected or to be erected on the lot shall not exceed 25% of the area of the lot;</li> <li>• Any building or buildings erected or to be erected on the lot shall not exceed 3 storeys including any floor or space below the level of the ground; and</li> <li>• Notwithstanding the user restriction above, no air sensitive exercise area, gardens with seats, playground, swimming pool and ball courts shall be erected, constructed or provided on or over those portions of the lot shown coloured pink hatched black and pink stippled black hatched black on the plan annexed in the Land Grant. For the purposes of this Major Special Condition, the decision of the Director of Lands' decision as to what constitutes air sensitive uses shall be final and binding upon the grantee.</li> </ul> |

5. The property falls within an area zoned as "Residential (Group C) 3" under Hong Kong Planning Area No. 17 — Approved Shouson Hill & Repulse Bay Outline Zoning Plan No. S/H17/13 approved on 5 November 2013.

6. The general description and market information of the property are summarized below:

|                            |   |  |
|----------------------------|---|--|
| Location                   | : | The property is located at No. 15 Shouson Hill Road West, Hong Kong.   |
| Transportation             | : | Hong Kong International Airport and Ocean Park MTR Station are located approximately 44.2 kilometres and 2.1 kilometres away from the property respectively. |
| Nature of Surrounding Area | : | The area is predominately a residential area in Shouson Hill, Hong Kong.   |

7. In the course of our valuation of the property, we have collected sale comparables of houses, which are considered relevant to the property in terms of property type, location and time, on an exhaustive basis. A total of three sale comparables, which are both houses located within the subject district and transacted within 15 months from the valuation date, have been identified and analysed. The unit rates of the adopted comparables range from HKD56,739 to HKD69,964 per sq.ft. on the basis of effective saleable area. Adjustments in terms of different aspects, including time, location, building age, size, view, connectivity, vertical access and facilities, have been made to the unit rates of the adopted comparables. Based on the above, the adjusted unit rates of the adopted comparables range from HKD42,875 to HKD63,907 per sq.ft. on the basis of effective saleable area, representing a weighted average unit rate of HKD54,318 per sq.ft. on the basis of effective saleable area.

The following table sets forth the details of and the adjustments applied to the adopted comparables:

|   | <b>Comparable 1</b>   | <b>Comparable 2</b>   | <b>Comparable 3</b>   |
|---|---|---|---|
| Development                                       | 36 Island Road  | Manderly Garden   | Shouson Peak  |
| Address   | 36 Island Road  | 48 Deep Water Bay Road  | 9–19F Shouson Hill Road   |
| Unit  | House B   | House 9   | House 17Q   |
| District  | Shouson Hill  | Shouson Hill  | Shouson Hill  |
| Year of Completion                                | 1980  | 1986  | 2012  |
| Effective Saleable Area (sq.ft.)                  | 2,870   | 3,239   | 2,859   |
| Nature  | Agreement for Sale and Purchase   | Agreement for Sale and Purchase   | Agreement for Sale and Purchase   |
| Date of Instrument                                | 26 Nov 2021   | 14 Sep 2021   | 23 Jul 2021   |
| Consideration (HKD)                               | 195,000,000   | 183,800,000   | 200,000,000   |
| Effective Saleable Unit Rate (HKD/sq.ft)          | 67,950  | 56,739  | 69,964  |
| Adjustments Applied                               | Upward adjustments in time, building age, vertical access and facilities; and downward adjustments in location, size, view and connectivity | Upward adjustments in building age and vertical access; and downward adjustments in time, location and size | Upward adjustments in building age and vertical access; and downward adjustments in time, location and size |
| Adjusted Effective Saleable Unit Rate (HKD/sq.ft) | 42,875  | 56,172  | 63,907  |

The weighted average unit rate of HKD54,318 per sq.ft. on the basis of effective saleable area has been applied to the benchmarked house and then further adjusted and applied to other houses of the property by considering the variances in size, view, connectivity and facilities to derive the valuation of HKD7,014,000,000.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests of Directors and chief executive in securities

As at the Latest Practicable Date, the total number of issued shares of the Company was 6,093,451,026 ordinary Shares.

None of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of SFO), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company or the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules.

### (b) Interests of substantial Shareholders

As at the Latest Practicable Date, the total issued share capital of the Company was 6,093,451,026 Shares.

As at the Latest Practicable Date, the interests or short position of those persons, other than the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company which has been disclosed to the Company pursuant to Part XV of the SFO, or which have been recorded in the register of interests required to be kept by the Company under section 336 of the SFO, are listed as follows:

| Name                          | Nature of Interest                            | Total Number of Shares<br>(Note 1) | Approximate Percentage of Interest in the Company |
|-------------------------------|---|------------------------------------|---|
| Galaxy Earnest                | Interest of a controlled Corporation (Note 2) | 5,086,500,000 (L)                  | 83.47%  |
| Mr. Wong Wun Ming<br>(Note 3) | Beneficial owner                              | 5,100,000,000 (L)                  | 83.70%  |



*Notes:*

- (1) The letter “L” denotes a long position in the shares or underlying shares.
- (2) Mr. Wong Wun Ming is interested in 5,100,000,000 Shares, comprising:
  - (a) 13,500,000 Shares beneficially owned by him; and
  - (b) 5,086,500,000 Shares held by Galaxy Earnest. Galaxy Earnest is owned as to 55% by Growing Group Limited, a company wholly-owned by Mr. Wong Wun Ming. Mr. Wong Wun Ming is therefore deemed to be interested in such 5,086,500,000 Shares pursuant to the Securities and Futures Ordinance (Chapter 571).
- (3) To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Mr. Wong Wun Ming passed away on 7 July 2022.

Save as disclosed above, and so far as was known to the Directors and chief executive of the Company, as at the Latest Practicable Date, no person, other than the Directors or chief executives of the Company, had any interest or short position in the shares, underlying shares and debentures of the Company which has been disclosed to the Company pursuant to Part XV of the SFO, or which have been recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

**(c) Interests of Directors in arrangement or contracts of significance**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2021, being the date of the latest published audited accounts of the Group, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

No arrangement or contracts of significance in relation to the Company’s business to which the Company, any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end or at any time as at the Latest Practicable Date.

**(d) Service contracts of Directors**

As at the Latest Practicable Date, no Director had a service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

**(e) Interest of Directors in competing business**

As at the Latest Practicable Date, none of the Directors or controlling shareholders of the Company or any of their respective associates (as defined in the Listing Rules) had any material interest in a business that competes or may compete with the business of the Group.

### 3. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, none of the members of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

### 4. EXPERT AND CONSENT

The qualification of the expert who has given its opinion in this circular is as follows:

| <b>Name</b>                              | <b>Qualification</b> |
|--|----------------------|
| Vincorn Consulting and Appraisal Limited | Professional valuer  |

As at the Latest Practicable Date, the Valuer did not have any shareholding in any member in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member in the Group.

As at the Latest Practicable Date, the Valuer did not have any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up.

The Valuer has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or report and/or references to its name, in the form and context in which they respectively appear.

### 5. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this circular and are or may be material:

- (a) a placing agreement dated 8 January 2021 entered into between the Company as the issuer and Head & Shoulders Securities Limited (“H&S”) as the placing agent, pursuant to which, among other things, H&S agreed to act as the placing agent for the Company in relation to the issue by the Company and the placing by H&S of the bonds with an aggregate principal amount of US\$89,000,000;
- (b) the Sale and Purchase Agreement I; and
- (c) the Sale and Purchase Agreement II.

**6. GENERAL**

- (a) The company secretary of the Company is Mr. Poon Wing Chuen, who is a fellow member of the Association of Chartered Certified Accountants.
- (b) The address of the registered office of the Company is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.
- (c) The head office of the Company in the PRC is situated in Jiangsu Mingfa Business Park, No. 88 Pudong North Road, Pukou, Nanjing City, Jiangsu Province, PRC.
- (d) The principal place of business of the Company in Hong Kong is situated in Units 6–8, 23/F, South Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (e) The Company's Hong Kong branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited, which is located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

**7. DOCUMENTS ON DISPLAY**

The following documents are available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company (<http://www.ming-fa.com>) for a period of not less than 14 days commencing from the date of this Circular:

- (a) the Sale and Purchase Agreement I;
- (b) the Sale and Purchase Agreement II;
- (c) the Valuation Report prepared by the Valuer in relation to the Property, the text of which is set out in Appendix II to this circular; and
- (d) the written consent referred to in the paragraph headed "4. Expert and Consent" in this appendix.