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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF A SUBSIDIARY

On 27 January 2025 (after trading hours), the Sellers entered into the Agreement with the Purchaser, pursuant to which the Sellers agreed to dispose, and the Purchaser agreed to acquire, the Target Interest at the aggregate Consideration of RMB100 million.

Upon completion of the Disposal, the Group will cease to hold any equity interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but none of such percentage ratios is 25% or above, the transaction contemplated under the Agreement constitute a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

INTRODUCTION

On 27 January 2025 (after trading hours), the Sellers entered into the Agreement with the Purchaser, pursuant to which the Sellers agreed to sell, and the Purchaser agreed to acquire, the Target Interest at the aggregated Consideration of RMB100 million.

Upon completion of the Disposal, the Group will cease to hold any equity interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

PRINCIPAL TERMS OF THE AGREEMENT

The principal terms of the Agreement are as follows:

Date : 27 January 2025 (after trading hours)

Parties : Sellers:

(1) Mingfa Group Yangzhou;

(2) Mingfa Group Shanghai;

(3) Xiamen Mingfa Group;

(4) Ming Fat Holdings;

Purchaser:

(5) NEEDL EMARK; and

Guarantor:

(6) Ming Fat Holdings

Transaction Structure : Pursuant to the Agreement, Mingfa Group Yangzhou, Mingfa Group Shanghai, Xiamen Mingfa Group and Ming Fat Holdings have agreed to sell 50.00%, 31.25%, 12.50% and 6.25% equity interest in the Target Company to the Purchaser, respectively, at an aggregated Consideration of RMB100 million.

Consideration : The Consideration in the aggregate amount of RMB100 million shall be settled by the Purchaser in the following manner:

(i) HK\$50 million shall be paid by the Purchaser in cash to the Seller on the date of the Agreement (inclusive of a RMB10 million deposit);

(ii) RMB35 million shall be paid by the Purchaser upon the Sellers filing the relevant documents for registration of the transfer of the Target Interest; and

(iii) the remaining sum of the Consideration shall be paid by the Purchaser within 5 business days after the receipt of the updated business license (營業執照) upon the registration of the transfer of the Target Interest.

The Consideration was arrived at after arm's length negotiations between the parties on normal commercial terms taking into account various factors, including but not limited to (i) the unaudited book value of the Hotel (defined hereinbelow) of approximately RMB103.9 million of the Target Company as at 31 December 2024; (ii) the fact that the Group (a) will no longer have to repay certain intra-group amounts in the sum of approximately RMB148.8 million due from it to the Target Company after the Disposal and (b) will still have to bear certain liabilities of the Target Company after the disposal, including among others, certain intra-group amount owed by the Target Company and deferred tax liabilities in aggregate of approximately RMB62.8 million; (iii) the financial performance and financial statements of the Target Company; (iv) the business prospect of the Target Company; and (v) reasons and benefits of the Disposal as stated under the section headed "Reasons for and benefits of entering into the Agreement" below.

Completion : Within two days from the Completion Date, the Sellers shall hand over, including without limitation, all the relevant certificates, seals, contracts, financial vouchers, account books, agreements, approvals, certificates and other legal documents related to the Target Company, as well as project sites, to the Purchaser, and the Purchaser shall be responsible for the subsequent operation and management of the Target Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

By entering into the Agreement for the Disposal, the Company will be able to consolidate and streamline the hotel business, improve capital utilization, and enhance overall financial health of the Group by disposing the Target Company. Given that (i) the hotel managed by the Target Company (i.e. Quanzhou Ming Fa Hotel (the "Hotel")) did not have any operation since 2023, (ii) the Target Company did not generate any revenue during the financial year ended 31 December 2024 and (iii) the Target Company recognized a net loss of approximately RMB6.6 million during the financial year ended

31 December 2024, the Disposal would allow the Group to improve its financial position and liquidity by realizing the value of the Target Company and avoiding incurring further expenses.

INFORMATION ON THE PARTIES TO THE AGREEMENT

The Target Company

The Target Company is a company established in the PRC with limited liability and, prior to the completion of the Disposal, an indirect wholly-owned subsidiary of the Company. It owns and manages the Hotel in Quanzhou, PRC.

As at 31 December 2024, the unaudited net assets of the Target Company amounted to approximately RMB187.7 million. The unaudited net loss before taxation and after taxation of the Target Company for the two years ended 31 December 2024 were as follows:

	For the year ended 31 December 2024 (RMB'000)	For the year ended 31 December 2023 (RMB'000)
Net loss before tax	6,608	6,064
Net loss after tax	6,608	6,064

The Group

The Company is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange. The Group is principally engaged in the development of large-scale complex properties in China, as well as the national brand reputation of hotel management, property management and property investment.

Mingfa Group Yangzhou is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company whose principal business is property development and investment holding.

Mingfa Group Shanghai is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company whose principal business is property development.

Xiamen Mingfa Group is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company whose principal business is property development and investment holding.

Ming Fat Holdings is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company whose principal business is investment holding.

The Purchaser

The Purchaser is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. To the best knowledge of the Directors after making reasonable enquiries, the Purchaser is held as to 50% by Huang Qiming (黃啟明) and as to 50% by BamBang Hartono (黃輝祥), respectively, who are both PRC residents. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners is a third party independent of the Company and its connected persons.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon completion of the Disposal, the Group will cease to hold any equity interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

As at 31 December 2024, the unaudited net asset value of the Target Company, was approximately RMB187.7 million. For reference purpose only, based on the Consideration of RMB100 million, the Group is expected to recognize a net loss of approximately RMB3.9 million from the Disposal. After deducting the expenses related to the Disposal, the Group expects that the net loss from the Disposal is approximately RMB3.9 million.

The definitive amount of any gain or loss on the Disposal to be recognised in the consolidated financial statements of the Company may be adjusted subject to audit to be performed by the auditor of the Company and therefore may be different from the amount as mentioned above.

The Board intends to apply the net proceeds from the Disposal towards the general working capital of the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but none of such percentage ratios is 25% or above, the transaction contemplated under the Agreement constitute a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Agreement”	the agreement dated 27 January 2025 entered into among the Sellers and the Purchaser in respect of the Disposal
“Board”	the board of Directors
“Company”	Mingfa Group (International) Company Limited (stock code: 00846), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Completion Date”	the date the Purchaser has paid the entire Consideration to the Sellers for the Disposal
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration for the Target Interest payable by the Purchaser under the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire equity interest of the Target Company by the Sellers pursuant to the terms of the Agreement
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Ming Fat Holdings”	Ming Fat Holdings (Hong Kong) Limited (明發集團(香港)有限公司) a company incorporated under the laws of the Hong Kong with limited liability and a directly wholly-owned subsidiary of the Company
“Mingfa Group Shanghai”	Mingfa Group Shanghai Industry Co., Ltd. (明發集團上海實業有限公司), a company incorporated under the laws of the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company

“Mingfa Group Yangzhou”	Mingfa Group Yangzhou Real Estate Co., Ltd. (明發集團揚州房地產開發有限公司), a company incorporated under the laws of the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Purchaser” or “NEEDL EMARK”	NEEDL EMARK PT DJARUM.CN INTERNATIONAL GROUP CHINA CO., LIMITED (針記國際集團中國有限公司) a company incorporated under the laws of the Hong Kong with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sellers”	Mingfa Group Yangzhou, Mingfa Group Shanghai, Xiamen Mingfa Group and Ming Fat Holdings (each a “ Seller ”)
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Quanzhou Mingfa Hotel Co., Ltd.* (泉州明發大酒店有限公司), a company incorporated under the laws of the PRC with limited liability
“Target Interest”	the entire equity interest in the Target Company
“Xiamen Mingfa Group”	Xiamen Mingfa Group Co., Ltd. (廈門明發集團有限公司), a company incorporated under the laws of the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company

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

Hong Kong, 27 January 2025

As at the date of this announcement, the Board comprises:

Executive Directors: Mr. Ng Man Fung Walter, Ms. Shang Xuan

Non-executive Director: Dr. Lam, Lee G. (Chairman of the Board)

Independent non-executive Directors: Mr. Lau Kin Hon, Mr. Chu Kin Wang Peleus, and Mr. Chan Sing Lai