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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)**

### **PROPOSED ISSUE OF US\$89,000,000 15% BONDS DUE 2021 AND ANNOUNCEMENT PURSUANT TO RULE 13.18 OF THE LISTING RULES**

This announcement is made by the Company pursuant to Rule 13.18 of the Listing Rules.

On 8 January 2021, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to act as the exclusive placing agent for the Company in relation to the issue by the Company and the placing on a private placement basis by the Placing Agent of the Bonds upon the terms and subject to the conditions set forth in the Placing Agreement.

If the Placement takes place, the estimated net proceeds from the issue of the Bonds will amount to approximately US\$88.6 million. The Company intends to use the net proceeds to refinance certain existing indebtedness of the Group and for general corporate purposes of the Group.

Approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST. Approval in-principle granted for the listing and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Company or the Bonds. No listing of the Bonds has been sought in Hong Kong or on any other securities exchange by the Company.

The terms of the Bonds contain certain specific performance obligations on Galaxy Earnest, being the controlling shareholder of the Company, which requires disclosure pursuant to Rule 13.18 of the Listing Rules. Please refer to the paragraph headed “Specific Performance Obligations of the Controlling Shareholder” below in this announcement for further details.

On 8 January 2021, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to act as the exclusive placing agent for the Company in relation to the issue by the Company and the placing on a private placement basis by the Placing Agent of the Bonds upon the terms and subject to the conditions set forth in the Placing Agreement.

## **THE PLACING AGREEMENT**

**Date:** 8 January 2021

### **Parties**

- (a) The Company as the issuer; and
- (b) Head & Shoulders Securities Limited (聯合證券有限公司) as the placing agent.

### **Placing of the Bonds**

Subject to the satisfaction of the conditions precedent as set out in the Placing Agreement and the terms and conditions of the Placing Agreement, the Placing Agent shall use its best efforts to place and procure the subscribers to subscribe and pay for the Bonds with an aggregate principal amount of US\$89,000,000.

The Bonds have not been, and will not be registered under the Securities Act. The Bonds will only be offered and sold outside the United States in compliance with Regulation S. None of the Bonds will be offered to the public in Hong Kong and, to the best of the Directors' knowledge, none of the Bonds will be placed to a connected person of the Company.

### **Issue price**

The Bonds shall be placed by the Placing Agent on a best endeavours basis at a price equal to 100% of the principal amount of the Bonds plus accrued interest from 13 January 2021 to each of the Closing Dates.

### **Conditions precedent**

The obligation of the Placing Agent to place and procure the subscribers to subscribe and pay for the Bonds is subject to the fulfilment of, among others, the following conditions:

- (a) on each Closing Date:
  - (i) each of the respective representations and warranties of the Company in the Placing Agreement being true, accurate and correct at, and as if made on such date;
  - (ii) the Company having performed all of its obligations under the Placing Agreement to be performed on or before such date; and
  - (iii) there having been delivered to the Placing Agent a certificate in a specified form, dated as of such date, of a duly authorised officer of the Company to such effect;
- (b) the SGX-ST having agreed, subject to any conditions reasonably satisfactory to the Placing Agent, to list the Bonds (or the Placing Agent being reasonably satisfied that such listing will be granted); and
- (c) after the date of the Placing Agreement up to and at each Closing Date, there shall not have occurred any adverse change or development or event likely to involve a prospective change, in the condition (financial or otherwise), prospects, properties, results of operations, business or general affairs of the Company or of the Group, which is material and adverse in the context of the offering and the Bonds.

The Placing Agent may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of any of the conditions precedent above.

## Principal terms of the Bonds

The principal terms of the Bonds are summarised below:

**Issuer:** the Company

**Principal amount:** US\$89,000,000

**Interest rate:** The Bonds bear interest on the outstanding principal amount from and including the issue date at the rate of 15% per annum, payable on 13 May 2021.

If the Company fails to pay any amount due on the due date under the conditions of the Bonds, interest shall accrue on the overdue amount from and including the initial due date to but excluding the date on which the payment of such overdue amount is made in full at a rate of 10% per annum above the rate of 15% per annum calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

**Redemption:** Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on 13 May 2021.

The Bonds may be redeemed at the option of the Company on giving not less than 7 days' notice to a Bondholder, the Company may, at any time after 13 February 2021 require a Bondholder to redeem, in whole or in part, such Bondholder's Bonds at 100% of their principal amount, together with accrued and unpaid interest, if any, to (but excluding) the redemption date.

The Company may at any time purchase the Bonds in the open market or otherwise at any price.

Please refer to the paragraph headed "Specific Performance Obligations of the Controlling Shareholder" below for further details of the early redemption by the Bondholders following a Change of Control Event.

**Status:** The Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves.

**Transferability:** The Bonds are freely transferrable (in whole or in part) by the Bondholder to any person subject to the terms and conditions of the Bonds.

## **SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDER**

Pursuant to the terms of the Bonds, a change of control event (the “**Change of Control Event**”) occurs if Galaxy Earnest ceases to be the controlling shareholder of the Company.

Upon the occurrence of a Change of Control Event, any Bondholder will have the right, at such Bondholder’s option, to require the Company to redeem all, but not some only, of such Bondholder’s Bonds at 101% of their principal amount together with accrued interest to (but excluding) the date of such early redemption.

## **REASONS FOR THE ISSUE OF BONDS**

If the Placement takes place, the estimated net proceeds from the issue of the Bonds will amount to approximately US\$88.6 million. The Company intends to use the net proceeds to refinance certain existing indebtedness of the Group and for general corporate purposes of the Group. The Directors consider that the terms of the Placing Agreement and the conditions of the Bonds are fair and reasonable and the raising of funds by way of the issue of the Bonds is in the interests of the Company and its shareholders as a whole.

## **LISTING**

Approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST. Approval in-principle granted for the listing and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Company or the Bonds. No listing of the Bonds has been sought in Hong Kong or on any other securities exchange by the Company.

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Bondholder(s)”	the person(s) that is from time to time registered as the holder of the Bonds
“Bonds”	the 15% bonds due 2021 each in a denomination of US\$200,000 and integral multiples of US\$1,000 in excess thereof, to be issued by the Company in an aggregate principal amount of US\$89,000,000 pursuant to the Placing Agreement

“Change of Control Event”	has the meaning ascribed to it under the paragraph headed “Specific Performance Obligations of the Controlling Shareholder” in this announcement
“Closing Date(s)”	13 January 2021 and any later date(s) on which the Company issues some or all of the Bonds as the Company and the Placing Agent may agree from time to time
“Company”	Mingfa Group (International) Company Limited (明發集團(國際)有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 846)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Galaxy Earnest”	Galaxy Earnest Limited (銀誠有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability and the controlling shareholder of the Company holding approximately 83.5% of the total issued share capital of the Company
“Group”	the Company and 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
“Placement”	the placing of the Bonds on a private placement basis by the Placing Agent pursuant to the terms of the Placing Agreement
“Placing Agent”	Head & Shoulders Securities Limited (聯合證券有限公司), a company incorporated in Hong Kong with limited liability
“Placing Agreement”	the placing agreement dated 8 January 2021 entered into between the Company and the Placing Agent
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC)

“Regulation S”	Regulation S under the Securities Act
“Securities Act”	the United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	the United States of America
“US\$”	United States dollar(s), the lawful currency of the United States
“%”	per cent

By order of the Board  
**Mingfa Group (International) Company Limited**  
**POON Wing Chuen**  
*Company Secretary*

Hong Kong, 8 January 2021

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

*Executive Directors: Mr. Liu Yuwei, Mr. Ng Man Fung Walter and Mr. Zhong Xiaoming*

*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*