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FAVA INTERNATIONAL HOLDINGS LIMITED

名家國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 08108)

DISCLOSEABLE TRANSACTION

Disposal of the Disposed Asset

THE SALE AGREEMENT

The Directors are pleased to announce that on 8 March 2012, Hengyu, an indirect wholly-owned subsidiary of the Company, entered into the Sale Agreement with the Purchaser in relation to the disposal of the Disposed Asset.

GEM LISTING RULES IMPLICATIONS

Since the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal are greater than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

On 8 March 2012, Hengyu entered into the Sale Agreement with the Purchaser, pursuant to which Hengyu agreed to sell and the Purchaser agreed to purchase the Disposed Asset for a consideration of RMB19,600,000.00.

THE SALE AGREEMENT

Date

8 March 2012

Parties

The Vender

Hengyu, a limited liability company established in the PRC and is indirect wholly-owned by the Company.

The Purchaser

Lang Fang Huari Furniture Joint Stock Co., Ltd. * (廊坊華日傢俱股份有限公司)

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquires, apart from (i) certain business relationships (which include but not limited to the Purchaser letting certain land and premises to Hengyu for manufacturing, office and storage purposes) between the Purchaser and Hengyu; and (ii) 2 shareholders of the Purchaser together hold a total of approximately 1.57% of the total issued share capital of the Company, the Purchaser is an Independent Third Party.

Information regarding the Disposed Asset

The Disposed Asset was originally intended for self-use by Hengyu for manufacturing household products and furnitures.

Consideration

The consideration payable by the Purchaser to Hengyu for the Disposal is RMB19,600,000.00 which is payable by way of RMB cash in the following manners:

- (i) 20% will be paid within 1 month from the signing of the Sale Agreement; and
- (ii) the remaining balance will be paid on or before 30 September 2012 by instalments.

The consideration was determined after arm's length negotiations between Hengyu and the Purchaser with reference to and based on a valuation report of the Disposed Asset dated 28 February 2012 which valued the Disposed Asset as at the Reference Date at RMB19,597,122.00.

Completion

Completion of the Sale Agreement will take place on the date when the consideration has been fully paid by the Purchaser to Hengyu, which shall not be later than 30 September 2012.

Financial effects of the Disposal

The Group expects that no profit or loss will be recorded for the Disposal as the consideration for the Disposal equals to the net asset value of the Disposed Asset as at the Reference Date.

REASON FOR AND BENEFITS OF THE DISPOSAL AND USE OF SALE PROCEEDS

As the management of the Group has decided to operate and manage the manufacturing and sales of household products in “light asset” mode, the Disposal provides the Group with a good opportunity to minimize its operation costs and risks, and generate additional capital for the daily operations of the Group.

The terms of the Sale Agreement were negotiated on an arm’s length basis and were made on normal commercial terms. The Directors (including the independent non-executive Directors) consider that such terms were fair and reasonable and in the interests of the Company and its shareholders as a whole.

The gross proceeds of RMB19,600,000.00 (before deducting all expenses) from the Disposal will be used as the Group’s general working capital.

INFORMATION OF THE GROUP

The Group is principally engaged in the manufacturing and sales of household products.

During the third quarter of year 2011, the Group commenced its business in the funeral services industry, which mainly includes the development, management and operation of funeral consultation and agency services as well as the trading of funeral-related products.

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DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	FAVA International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the GEM
“connected person(s)”	has the meaning as defined in the GEM Listing Rules
“Directors(s)”	the director(s) of the Company
“Disposal”	the disposal of the Disposed Asset under the Sale Agreement

“Disposed Asset”	a plant in Langfang City, PRC which is 100% owned by Hengyu
“Sale Agreement”	the Sale Agreement dated 8 March 2012 entered into between Hengyu and the Purchaser in respect of the Disposal
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hengyu”	Langfang Huari Hengyu Home Company Limited * (廊坊華日恒宇家居有限公司), a company incorporated in the PRC and is an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party/ies who is/are not connected person(s) of the Company and is/are independent of the Company and connected persons of the Company
“the Purchaser”	Lang Fang Huari Furniture Joint Stock Co., Ltd. * (廊坊華日傢俱股份有限公司), apart from (i) certain business relationships (which include but not limited to the Purchaser letting certain land and premises to Hengyu for manufacturing, office and storage purposes) between the Purchaser and Hengyu; and (ii) 2 shareholders of the Purchaser together hold a total of approximately 1.57% of the total issued share capital of the Company, the Purchaser is an Independent Third Party
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Reference Date”	31 December 2011
“RMB”	Renminbi, the lawful currency of the PRC

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

By Order of the Board
FAVA International Holding Limited
Li Ge
Executive Director

Hong Kong, 8 March 2012

As at the date of this announcement, the Board comprises Mr. Li Ge, Mr. Zhao Guo Wai and Mr. Sun, Miguel as executive Directors, and Mr. Liu Qing Chen, Mr. Zhang Chun Qiang and Mr. Yang Dongli as independent non-executive Directors.

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

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least seven days from the day of its posting and on the website of the Company at <http://www.fava.com.hk>.

* *For identification purpose only*