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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)

SUPPLEMENTAL AGREEMENT FOR MAJOR TRANSACTION INVOLVING ACQUISITION OF THE SALE SHARE AND THE SALE LOAN

SUPPLEMENTAL AGREEMENT

Reference is made to the Announcement dated 15 December 2011 and the Circular dated 24 February 2012 in which the Board announced that after trading hours on 15 December 2011, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the SP Agreement with the Vendor in relation to the acquisition of the Sale Share and the Sale Loan from the Vendor at a consideration of HK\$80,000,000. Completion has been taken place on 10 April 2012.

Upon further negotiations between the parties to the SP Agreement, the Purchaser and the Vendor entered into the Supplemental Agreement after trading hours on 29 May 2012 to amend and supplement certain terms of the SP Agreement.

Details of the amendments to the terms of the SP Agreement as set out in the section headed “Supplemental Agreement” below.

Reference is made to the announcement of FAVA International Holdings Limited (“**the Company**”) dated 15 December 2011 (the “**Announcement**”) and the circular dated 24 February 2012 (the “**Circular**”) in which the Board announced that after trading hours on 15 December 2011, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the SP Agreement with the Vendor in relation to the acquisition of the Sale Share and the Sale Loan from the Vendor at a consideration of HK\$80,000,000. Completion has been taken place on 10 April 2012.

Definitions and terms used in this announcement, unless the context requires otherwise, shall bear the same meanings as defined in the Announcement.

Upon further negotiations between the parties to the Agreement, the Purchaser and the Vendor entered into a supplemental agreement (the “**Supplemental Agreement**”) after trading hours on 29 May 2012 to amend and supplement certain terms of the SP Agreement.

THE SUPPLEMENTAL AGREEMENT

Date: 29 May 2012

Parties: (i) Purchaser: EMAX Venture Limited; and

(ii) Vendor: Mr. Lau Chi Yan, Pierre

Early settlement of and discount to the Consideration

The Parties agreed that the Consideration shall be paid in cash by installments before 9 March 2013 for a discount to the Consideration, which is agreed to be HK\$72,000,000 (the “**Discounted Consideration**”). The Parties further agreed that the Discounted Consideration shall be paid in Hong Kong or in the PRC; The payment date, amount and payee of each installments (i.e. the Vendor or its nominee) shall be negotiated by the Parties from time to time. In the event that a nominee of the Vendor shall be the payee for any of the installments, the Vendor shall give a written notice to the Purchaser for the same immediately and the Purchaser shall pay within 5 business days upon receipt of such notice.

Revised formula for the compensation

Pursuant to the Supplemental Agreement, the compensation will be the difference between (i) the Discounted Consideration; and (ii) the aggregate amount of audited consolidated net loss after taxation for the period from the Completion Date to the month immediately preceding the occurrence of the Compensation Events.

Other than the terms mentioned above, all other terms of the SP Agreement remain unchanged.

The revised terms mentioned above were arrived at after arm's length negotiations between the Purchaser and the Vendor. In the view that the Vendor is willing to give a discount to the Purchaser on the Consideration for its early settlement of the same, the Directors (including the independent non-executive Directors) consider the revision to be fair and reasonable and that the Supplemental Agreement is on normal commercial terms and its terms are fair and reasonable and the entering into of the Supplemental Agreement is in the interests of the Group and the Shareholders as a whole.

By order of the Board
FAVA International Holdings Limited
Li Ge
Chairman

Hong Kong, 29 May 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 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 enquiries, confirm that to the best of their knowledge and belief the information contained in the 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 state 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*