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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)

### **PLACING OF NEW SHARES AND RESUMPTION OF TRADING**

**Placing Agent**



**Guotai Junan Securities (Hong Kong) Limited**

The Company and the Placing Agent entered into the Placing Agreement on 18 May 2009, whereby the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, a maximum of 182,000,000 Placing Shares to independent investors at a price of HK\$0.102 per Placing Share.

The 182,000,000 Placing Shares represent (i) approximately 15.13% of the existing issued share capital of the Company of 1,202,799,970 Shares; and (ii) approximately 13.14% of the Company's issued share capital of 1,384,799,970 Shares as enlarged by completion of the Placing.

The maximum net proceeds from the Placing of approximately HK\$17.98 million are intended to be used for the general working capital of the Group.

The Placing is conditional upon, among other things, the Listing Division of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement.**

**As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

Trading in the Shares was suspended at the request of the Company with effect from 2:30 p.m. on 18 May 2009 pending release of this announcement. An application has been made by the Company to the Stock Exchange for the trading in the Shares to resume from 9:30 a.m. on 19 May 2009.

## **THE PLACING AGREEMENT**

### **Date**

18 May 2009

### **Issuer**

The Company

### **Placing Agent**

The Placing Agent, Guotai Junan Securities (Hong Kong) Limited, has conditionally agreed to place a maximum of 182,000,000 Placing Shares on a best efforts basis and will receive a placing commission of 2.5% on the gross proceeds of the actual number of Placing Shares placed. The placing commission was determined by reference to the range of market norms for commissions for this type of transaction. The Directors (including the independent non-executive Directors) are of the view that the placing commission is fair and reasonable. The Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

### **Placees**

The Placing Shares will be placed on a best efforts basis to no fewer than six Placees who, and whose ultimate beneficial owners, will not be connected persons (as defined in the GEM Listing Rules) of the Company and will not be connected with the directors, chief executive, management shareholders or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the GEM Listing Rules). None of the Placees will become a substantial Shareholder (as defined in the GEM Listing Rules) immediately after the Placing.

### **Placing Shares**

The 182,000,000 Placing Shares represent (i) approximately 15.13% of the existing issued share capital of the Company of 1,202,799,970 Shares; and (ii) approximately 13.14% of the Company's issued share capital of 1,384,799,970 Shares as enlarged by the Placing.

## **Ranking of the Placing Shares**

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the relevant Placing Shares.

## **Placing Price**

The Placing Price of HK\$0.102 represents:

- (i) a discount of approximately 18.4% to the closing price of HK\$0.125 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 15.56% to the average closing price of approximately HK\$0.1208 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days including the Last Trading Day;
- (iii) a discount of approximately 14.93% to the average closing price of approximately HK\$0.1199 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days including the Last Trading Day; and
- (iv) a discount of approximately 3.23% to the average closing price of approximately HK\$0.1054 per Share as quoted on the Stock Exchange for the last 20 consecutive trading days including the Last Trading Day.

The Placing Price was determined with reference to the average closing price per Share for the last 5 consecutive trading days of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

## **General Mandate**

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by a resolution of the Shareholders passed at the Company's annual general meeting held on 6 May 2009 subject to the limit up to 20% of the then issued ordinary Shares with a par value of HK\$0.002 each in the capital of the Company. Under the General Mandate, the Company is authorized to issue 240,559,994 Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate. The Placing and the issue of new Shares are not subject to Shareholders' approval.

## **Conditions of the Placing**

Completion of the Placing is conditional upon on or prior to 12 June 2009 (or such later date as may be agreed between the Company and the Placing Agent):

- (a) the Listing Division of the Stock Exchange granting or agreeing to grant listing of and permission to deal in all of the Placing Shares; and
- (b) the Bermuda Monetary Authority granting permission (if necessary) for the issue of, inter alia, the Placing Shares and the subsequent transfer of the same to and between persons regarded as non-residents of Bermuda for exchange control purposes so long as the Placing Shares are listed on the Stock Exchange.

If the conditions are not fulfilled by the date stated above, the Placing will lapse and the obligations and liabilities of the Company and the Placing Agent under the Placing shall be null and void and the Company and the Placing Agent shall be released from all rights and obligations pursuant to the Placing.

## **Completion of the Placing**

Completion of the Placing will take place on the third business day after the fulfillment of the conditions as set out in the Placing Agreement or such other date as may be agreed between the Company and the Placing Agent.

Further announcement(s) will be made by the Company upon completion of the Placing.

## **Application for listing**

Application will be made by the Company to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, all the Placing Shares.

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement.**

**As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **OTHER INFORMATION ON THE PLACING**

### **Reasons for the Placing**

The Group is principally engaged in the manufacture and sale of household products, focusing on selling home furniture in the PRC and overseas markets.

The Board considers that the Placing represents a good opportunity to raise additional capital for the Company to strengthen the capital base and enhance the liquidity position for its future business developments. The Directors consider that the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### Use of proceeds

The maximum gross proceeds from the Placing are approximately HK\$18.56 million. The maximum net proceeds from the Placing (after deducting the placing commission and other related expenses payable by the Company) are approximately HK\$17.98 million which are intended to be used for general working capital of the Group. The net proceeds raised per Placing Share is approximately HK\$0.099.

### Fund raising activities in the past twelve months

The Company did not have any fund raising activities on any issue of equity securities in the past twelve months prior to the Last Trading Day.

### Effect on shareholding structure

The existing and enlarged shareholding structure of the Company as at the date of this announcement and immediately after Completion (assuming there are no other changes in the issued share capital of the Company) are set out below:

Shareholders	As at the date of this announcement		Immediately after Completion	
	Number of Shares	%	Number of Shares	%
True Allied Assets Limited ("True Allied") (Note)	351,518,000	29.22	351,518,000	25.39
<b>Director</b>				
Mr. Li Ge	37,012,000	3.07	37,012,000	2.67
<b>Public Shareholders</b>				
The Placees	–	–	182,000,000	13.14
Others	814,269,970	67.71	814,269,970	58.80
<b>Total</b>	<b><u>1,202,799,970</u></b>	<b><u>100.00</u></b>	<b><u>1,384,799,970</u></b>	<b><u>100.00</u></b>

Note: True Allied is a company incorporated in the British Virgin Islands and beneficially owned by Ms. Huang Ye Hua.

As at the date of this announcement, the existing authorized share capital of the Company consists of 250,000,000,000 Shares out of which 1,202,799,970 Shares are issued and fully paid up.

On 20 June 2008, a trademark transfer agreement was entered into between Langfang Huari Hengyu Home Co., Ltd. (廊坊華日恒宇家居有限公司) as purchaser, Lang Fang Huari Furniture Joint Stock Co., Ltd. (廊坊華日家具股份有限公司) as vendor, and the Company as guarantor, pursuant to which, so far as permitted by the applicable laws and regulations, the Company shall pay the consideration under the said trademark transfer agreement by way of allotment and issue of fully paid new Shares on or before 31 December 2014, the number of which (assuming no subdivision or consolidation of Shares will take place from 26 June 2008 to the date of allotment of such new Shares) will not exceed 106,318,182 Shares. As at the date of this announcement, Mr. Zhou Xu En and his parents in aggregate held approximately 98% equity interests in Lang Fang Huari Furniture Joint Stock Co., Ltd. (廊坊華日家具股份有限公司) and Mr. Zhou Xu En himself held approximately 9.09% of the issued share capital of the Company. For further details, please refer to the Company's announcement and circular dated 26 June 2008 and 16 July 2008 respectively. The Company has not issued any such new Shares since the signing of the said trademark transfer agreement.

As at the date of this announcement, there are no outstanding share options.

## **RESUMPTION OF TRADING**

Trading in the Shares was suspended at the request of the Company with effect from 2:30 p.m. on 18 May 2009 pending release of this announcement. An application has been made by the Company to the Stock Exchange for the trading in the Shares to resume from 9:30 a.m. on 19 May 2009.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors
“Company”	FAVA International Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on GEM
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	directors of the Company

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 6 May 2009 to allot and issue new Shares
“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 People’s Republic of China
“Last Trading Day”	18 May 2009, being the date of the Placing Agreement and the date on which the terms of the Placing were fixed
“Placees”	any individuals, corporate, institutional investors or other investors procured by or on behalf of the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares by or on behalf of the Placing Agent to the Placees pursuant to the Placing Agreement
“Placing Agent”	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation to carry out Type 1 and Type 4 regulated activities for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 18 May 2009 and entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	the placing price of HK\$0.102 per Placing Share
“Placing Shares”	up to an aggregate of 182,000,000 new Shares to be allotted and issued under the Placing
“Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board  
**FAVA International Holdings Limited**  
**Li Ge**  
*Director*

Hong Kong, 18 May 2009

*As at the date of this announcement, the Board comprises Mr. Li Ge and Mr. Zhao Guo Wei as executive Directors, and Mr. Lee Yuen Kwong, Mr. Yang Jie 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the GEM website at [www.hkgem.com](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 [www.fava.com.hk](http://www.fava.com.hk).*

\* *For identification purposes only*