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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 – TRANSFER OF TIANFENG EQUITY INTERESTS**

#### **THE SHARE TRANSFER**

On 17 September 2010, Trader Group, a wholly-owned subsidiary of the Company, and Lucky Sky entered into a share transfer contract, pursuant to which Trader Group agreed to dispose of and Lucky Sky agreed to acquire the Tianfeng Equity Interests. The consideration for the Share Transfer is RMB5,557,355.18 (approximately HK\$6,346,999.78). The gross proceeds of RMB5,557,355.18 from the Share Transfer will be used as the Group's general working capital.

#### **GEM LISTING RULES IMPLICATIONS**

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Share Transfer are higher than 5% but less than 25%, the Share Transfer constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

#### **THE SHARE TRANSFER CONTRACT**

##### **Date**

17 September 2010

##### **Parties to the Share Transfer Contract**

- (i) Trader Group, as the transferor
- (ii) Lucky Sky, as the transferee

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Lucky Sky and its ultimate beneficial owner Mr. KIM, Cheol Ho are Independent Third Parties. Lucky Sky is engaged in investment holding. The Group has not had any prior transactions with Lucky Sky during the 12 months immediately prior to the date of the Share Transfer Contract which should be aggregated with the Share Transfer under Rule 19.22 of the GEM Listing Rules.

## Information about Tianfeng to be transferred

The entire interests of Tianfeng are owned by Trader Group.

Tianfeng is principally engaged in the trading business of household products in the PRC.

Under the Share Transfer Contract, Trader Group will, in the capacity of beneficial owner, transfer and Lucky Sky will be transferred the Tianfeng Equity Interests without any liens, charges, pledges and equitable interests. The Tianfeng Equity Interests will be entitled to all the rights attached therewith as at the Reference Date or thereafter, including the dividends or interests declared or payable since the Reference Date or thereafter or the dividends or interests paid or proposed for payment (if any).

## Financial information regarding Tianfeng

Based on the financial information regarding Tianfeng, which is included in the audited consolidated financial statement of the Group for the two years ended 31 December 2009, the turnover and the net loss before and after tax and extraordinary items attributable to Tianfeng are set out as below:

	<b>For the year ended 31 December 2008 RMB'000</b>	<b>For the year ended 31 December 2009 RMB'000</b>
Turnover	288	—
(Net loss) before tax and extraordinary items	(2,613)	(1,002)
(Net loss) after tax and extraordinary items	(2,613)	(1,002)

The unaudited net asset value of Tianfeng as at the Reference Date is RMB5,557,355.18.

## Completion of the Share Transfer Contract

Completion of the Share Transfer will take place on the Completion Date.

On the Completion Date, Trader Group shall submit or procure others to submit the following documents to Lucky Sky:

1. The resolutions of the board of directors of Trader Group approving the following matters:
  - (1) Agreeing to transfer the Tianfeng Equity Interests pursuant to the terms of the Share Transfer Contract;

- (2) Accepting the resignation letters of the directors of Tianfeng according to the requirements of Lucky Sky (which must state that such directors shall not require compensation from Tianfeng as a result of their resignations);
  - (3) Appointing the persons nominated by Lucky Sky as the new directors of Tianfeng according to the requirements of Lucky Sky;
  - (4) Approving the authorization to enter into all documents in connection with the transfer of the Tianfeng Equity Interests.
2. All statutory and other records and files (including financial records) duly prepared by Tianfeng as at the Completion Date; its certificates of incorporation/business licenses, business registration certificates, registration certificates, common seals and all necessary approvals, certificates and documents of evidence for Tianfeng's operations; and any other documents and records of Tianfeng.

On the Completion Date, Lucky Sky will submit or procure others to submit the copies of the resolutions of the board of directors of Lucky Sky approving the transactions contemplated under the Share Transfer Contract.

Upon the Completion Date, Tianfeng will no longer be a subsidiary of the Company.

### **Consideration**

The consideration of RMB5,557,355.18 (approximately HK\$6,346,999.78) for the transfer of the Tianfeng Equity Interests is payable by Lucky Sky in RMB cash on the Completion Date of the Share Transfer Contract.

The consideration for the Share Transfer of RMB5,557,355.18 was arrived at after arm's length negotiation between Trader Group and Lucky Sky, with reference to the net asset value of Tianfeng as at the Reference Date of RMB5,557,355.18.

### **Financial effects of the Share Transfer**

Upon the completion of the Share Transfer, the Group will no longer own any interests in Tianfeng. Pursuant to the terms of the Share Transfer Contract, Lucky Sky shall upon Completion be entitled to or responsible for all profit, loss, rights and liabilities of Tianfeng from the Reference Date to the Completion Date.

The Group expects that no profit or loss will be recorded for the Share Transfer at the consideration of the Share Transfer is equal to the net asset value of Tianfeng as at the Reference Date.

## **REASONS FOR AND BENEFITS OF THE SHARE TRANSFER AND USE OF PROCEEDS**

Under the severe impacts of the global financial crisis, the management of the Group, after reviewing the structure and business portfolio of the Group, decided to concentrate the financial and management resources of the Group on the manufacturing and sales business of household products mainly targeted at mid-to high-end customers and divest low-efficiency assets. Accordingly, the Share Transfer provides the Group with a good opportunity to divest low-efficiency assets and rationalize its business, and generate additional capital for the daily operations of the Group.

Taking into account of (i) the losses of Tianfeng recorded for the past few years; and (ii) the duplication between Tianfeng and part of the business of Langfang Huari Hengyu Home Co., Ltd, another subsidiary of Trader Group, the management of the Company considers that it is more cost effective to consolidate the duplicated businesses under the management of Langfang Huari Hengyu Home Co., Ltd. Accordingly, the Directors (including non-executive Director and independent non-executive Directors) consider that the terms and conditions of the Share Transfer Contract (including the consideration for the Share Transfer) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The gross proceeds of RMB5,557,355.18 from the Share Transfer (before deducting all expenses) 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.

## **GEM LISTING RULES IMPLICATIONS**

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Share Transfer are higher than 5% but less than 25%, the Share Transfer constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

## **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
“Business Day(s)”	any day (excluding a Saturday and Sunday) on which banks generally are open for business in the PRC
“Company”	FAVA International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the GEM

“Completion”	the completion of transfer of the Tianfeng Equity Interests, including the documents, records and files that shall be submitted or procured to be submitted by Trader Group to Lucky Sky pursuant to the Share Transfer Contract and the documents that shall be submitted or procured to be submitted by Lucky Sky and the consideration that shall be satisfied by Lucky Sky for the transfer of the Tianfeng Equity Interests to Trader Group pursuant to the Share Transfer Contract
“Completion Date”	the date of the completion of transfer of the Tianfeng Equity Interests, including the documents, records and files that shall be submitted or procured to be submitted by Trader Group to Lucky Sky pursuant to the Share Transfer Contract and the documents that shall be submitted or procured to be submitted by Lucky Sky and the consideration that shall be satisfied by Lucky Sky for the transfer of the Tianfeng Equity Interests to Trader Group pursuant to the Share Transfer Contract
“connected person(s)”	has the meaning as defined in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“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
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) which is(are) independent of and not connected with any of the directors, chief executives, management shareholders or substantial shareholders of the Company and its subsidiaries or any of their respective associates
“Lucky Sky”	Lucky Sky Enterprise Limited, a company incorporated in Hong Kong with limited liability; 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 July 2010
“RMB”	Renminbi, the lawful currency of the PRC

“Share Transfer”	the transfer of the Tianfeng Equity Interests pursuant to the Share Transfer Contract
“Share Transfer Contract”	the Share Transfer Contract entered into between Trader Group and Lucky Sky in respect of Share Transfer on 17 September 2010
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianfeng”	Lang Fang Tian Feng Home Co., Ltd* (廊坊天豐家居有限公司), the entire interests of which are owned by Trader Group
“Tianfeng Equity Interests”	the 100% equity interests of Tianfeng
“Trader Group”	Trader Group International Limited, a company incorporated in British Virgin Islands with limited liability; a direct wholly-owned subsidiary of the Company
“%”	per cent

All amounts in RMB have been translated in HK\$ at a rate of RMB1 = HK\$1.14209 in this announcement for illustration purpose only.

By the order of the Board  
**FAVA International Holdings Limited**  
*Executive Director*  
**LI Ge**

Hong Kong, 17 September 2010

*As at the date of this announcement, the Board comprises Mr. Li Ge and Mr. Zhao Guo Wei as executive Directors; Mr. Ng Kwai Wah, Sunny as non-executive Director; and Mr. Lee Yuen Kwong, Mr. Yang Jie 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.*

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\* For identification purpose only