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**CHANGE OF LOCAL PARTNER IN VIE STRUCTURE
ENTERING INTO OF THE NEW STRUCTURED DOCUMENTS
CONNECTED TRANSACTION IN RELATION TO
NEW LOAN AGREEMENT**

INTRODUCTION

Reference is made to the announcements of the Company dated 22 October 2017 and 19 January 2018 (the “**Announcements**”) in relation to, among other things, the (i) acquisition of Land and Properties in Cambodia; and (ii) entering into of the Structured Documents. Unless otherwise specified, capitalised terms used herein shall have the same meanings as defined in the Announcements.

The Board hereby announces that, on 16 June 2021, the relevant parties entered into the following documents to change one of the registered shareholders of the Landholding Company from the Local Partner to Mr. Ching TW, an executive Director (the “**Change of Local Partner**”):

- (1) the Termination Agreement, pursuant to which the Purchaser and the Local Partner agreed that the Loan Agreement, the Shareholders’ Agreement, the Share Pledge Agreement and the POA shall be terminated;
- (2) the Transfer Documents, pursuant to which the Local Partner shall transfer 51% of the equity interests of the Landholding Company to Mr. Ching TW; and
- (3) the New Structured Documents, pursuant to which the Group established the New VIE Structure.

Upon the Change of Local Partner, the Purchaser and Mr. Ching TW are the shareholders of the Landholding Company holding its equity interest as to 49% and 51%, respectively. The Landholding Company will remain as if it was a subsidiary of the Company and its financial results will continue to be accounted for and consolidated in the accounts of the Group.

* For identification purpose only

IMPLICATIONS UNDER THE LISTING RULES

Mr. Ching TW, being the executive Director, is a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Accordingly, the transactions contemplated under the New Structured Documents, in particular, the New Loan Agreement and the New Shareholders' Agreement which provides for the transfer and assignment of dividends, profits, benefits or interests by Mr. Ching TW to the Purchaser, constitute a connected transaction and continuing connected transaction of the Company, respectively, under Chapter 14A of the Listing Rules.

As the highest of all of the applicable percentage ratios in respect of the New Loan Agreement is more than 0.1% but less than 5%, the New Loan Agreement is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As none of the applicable percentage ratios in respect of the transfer and assignment of dividends, profits, benefits or interests by Mr. Ching TW to the Purchaser under the New Shareholders' Agreement exceeds 5% and the total annual amount payable to the Purchaser is below HK\$3 million, it is fully exempted from the relevant requirements of reporting, announcement, circular and independent shareholders' approval under Chapter 14A of the Listing Rules.

GENERAL

Completion of the Change of Local Partner is conditional upon fulfillment of all filing and registration of the Transfer Documents with the relevant government authorities in Cambodia which are necessary or required having been lodged. There is no assurance as to when completion may take place. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

INTRODUCTION

Reference is made to the Announcements in relation to, among other things, the (i) acquisition of Land and Properties in Cambodia; and (ii) entering into of the Structured Documents. Unless otherwise specified, capitalised terms used herein shall have the same meanings as defined in the Announcements.

The Board hereby announces that, on 16 June 2021, the relevant parties entered into the following documents for the Change of Local Partner:

- (1) the Termination Agreement, pursuant to which the Purchaser and the Local Partner agreed that the Loan Agreement, the Shareholders' Agreement and the Share Pledge Agreement and the POA shall be terminated;
- (2) the Transfer Documents, pursuant to which the Local Partner shall transfer 51% of the equity interests of the Landholding Company to Mr. Ching TW; and
- (3) the New Structured Documents, pursuant to which the Group established the New VIE Structure.

Upon the Change of Local Partner, the Purchaser and Mr. Ching TW are the shareholders of the Landholding Company holding its equity interest as to 49% and 51%, respectively. The Landholding Company will remain as if it was a subsidiary of the Company and its financial results will continue to be accounted for and consolidated in the accounts of the Group.

REASONS FOR AND BENEFITS OF ADOPTING THE NEW VIE STRUCTURE

As disclosed in the Company's announcement dated 22 October 2017, due to applicable laws and regulatory prohibitions on owning land and real properties in Cambodia by foreign ownership, the Group has in place a series of contractual arrangements with the Local Partner that are designed to allow the Company to exercise control over the operations of Landholding Company and enjoy the economic benefits in the Land and Properties.

Initially, the Company targeted a candidate for a local partner who (i) is a Cambodian; (ii) is familiar with Cambodia, being the area in which the Group's new operations are located; and (iii) possesses expertise in the laws and regulations of Cambodia, so that the candidate would be able to assist with the Group's hospitality supplies business in Cambodia. At the time of entering into the Land Acquisition Agreement, the incorporation of the Landholding Company in 2017 and the entering into of the Structured Documents, Mr. Ching TW (i) was not a Cambodian and his application for Cambodian citizenship was undergoing a long and extensive process; (ii) was not familiar with the location and environment, laws and regulations, and the operations of the Group's hospitality supplies business in Cambodia; and (iii) had not played a vital role in the Group's hospitality supplies business in Cambodia. On the other hand, the Local Partner (i.e. an assistant solicitor of the Cambodia legal advisers to the Company) who fulfilled the abovementioned initial qualities, was selected.

The reasons for replacing the Local Partner with Mr. Ching TW as one of the shareholders of the Landholding Company is because, as at the date of this announcement, Mr. Ching TW became a Cambodian citizen and his involvement in the Group's hospitality supplies business in Cambodia significantly increased. Mr. Ching TW has also developed necessary and adequate knowledge and familiarity with the rules and regulations, and expertise in the operations of the Group's hospitality supplies business in Cambodia through his involvement in the business since 2018. The Group's business in Cambodia has also been maturing and has become largely stable overtime. The Group's management has also gained expertise overtime from its operations in Cambodia.

In consideration of the foregoing, the Company is of the view that the Change of Local Partner (i) will better safeguard the interests of the Company in the Landholding Company by having a director of the Company as a shareholder of the Landholding Company instead of the Local Partner; and (ii) Mr. Ching TW would be a more suitable candidate to hold the 51% shareholding in the Landholding Company than the Local Partner as he has greater familiarity with the Group and its business.

TERMINATION AGREEMENT

The summary of the principal terms in the Termination Agreement is set forth below:

- Date: 16 June 2021

- Parties: (i) the Purchaser; and
(ii) the Local Partner

- Subject : Pursuant to the Termination Agreement, the Purchaser and the Local Partner agreed that the Loan Agreement, the Shareholders' Agreement, the Share Pledge Agreement and the POA shall be terminated.

For the avoidance of doubt, it is further agreed that the indebtedness in relation to the Local Partner's 51% of equity interests of the Landholding Company shall be repaid by way of transferring such equity interests of the Landholding Company to Mr. Ching TW in accordance with the Loan Agreement. Upon the completion of the registration of transfer with the commercial register of the MOC, the transfer will fully and finally settle the indebtedness under the Loan Agreement and the Local Partner will be fully and finally released from any and all of its obligations and liabilities arising under or in connection with the Loan Agreement.

ENTERING INTO OF THE NEW STRUCTURED DOCUMENTS

In order to set up the New VIE Structure, the Purchaser and Mr. Ching TW have entered into a series of New Structured Documents in respect of the Landholding Company. The contractual arrangements under the New VIE Structure will be on substantially the same terms as those currently in place under the VIE Structure, save as to the identity of the Local Partner.

The summary of the principal terms of the New Structured Documents is set forth below:

(1) New Loan Agreement

- Date: 16 June 2021
- Parties: (i) the Purchaser as the lender; and
(ii) Mr. Ching TW as the borrower

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company. The Company and the Purchaser are investment holding companies. Mr. Ching TW, being the executive Director, is a connected person of the Company under Rule 14A.07(1) of the Listing Rules.

- Term: From the date of signing of the New Loan Agreement until the time when the New Loan Agreement is terminated.
- Loan amount and interest: US\$2,500,000 on an interest-free basis, determined with reference to the registered capital of the Landholding Company.
- Use of loan: For the sole purpose of payment for the acquisition of 51% of the equity interests of the Landholding Company.
- Repayment: Mr. Ching TW shall only repay the loan, including any, taxes, charges, indemnities, fees, costs and any expenses and all obligations and liabilities in relation to the loan under the New Loan Agreement to the Purchaser (the “**Indebtedness**”) by way of transferring 51% of the equity interests of the Landholding Company held by Mr. Ching TW, and any and all shares held by Mr. Ching TW which accounts for 51% of the equity interests of the Landholding Company (the “**Relevant Shares**”) to the Purchaser or to any other person to be designated by the Purchaser.

For the purpose of the repayment of the Indebtedness, Mr. Ching TW undertakes to do all things necessary to affect the transfer of the Relevant Shares and to register such Relevant Shares in the name of the Purchaser or any of its appointees no later than 30 (thirty) business days from the date of the repayment.

(2) New POA

Date: 16 June 2021

Parties: (i) Mr. Ching TW;
(ii) the Landholding Company; and
(iii) the Company

Term: For one year from the date of the New POA and can be renewed automatically.

Scope: Mr. Ching TW has granted a general and irrevocable power of attorney and proxy to the Directors and their successors (including a liquidator replacing the Directors) (the “Attorneys”) or its appointees over all business activities concerning and his right to vote as the ultimate shareholder of the Landholding Company and has given the Attorneys or its appointees the authority and rights to vote as his proxy at any shareholders’ meeting and board meeting to deal with all aspects of the management and operations of the Landholding Company including, but not limited to, the disposition or acquisition of assets, appointment of officers and employees, day-to-day business decisions, maintenance of records, declaration of profits, signing minutes, filing documents with the relevant companies registry, and other issues concerning the Landholding Company which are allowable by laws in force, and, for and on behalf of the Purchaser and as the Purchaser’s designated person, to collect all dividends or profit declared to him as a shareholder of the Landholding Company, which are to be transferred and assigned only to the Purchaser pursuant to the New Shareholders’ Agreement.

(3) New Blank Shareholders’ Resolution

Mr. Ching TW has pre-signed and thumb-printed a blank shareholders’ resolution for the approval of the disposal of any immovable property(ies) of the Landholding Company.

(4) New Blank Share Transfer Documents

Mr. Ching TW has pre-signed the blank share transfer documents that can be completed and filed with the MOC in relation to the Relevant Shares in the Landholding Company held by Mr. Ching TW.

(5) New Share Pledge Agreement

Date: 16 June 2021

Parties: (i) the Purchaser as the pledgee; and
(ii) Mr. Ching TW as the pledgor

Security: Mr. Ching TW pledged the Relevant Shares, including all dividends, interest or other income, paid or payable after the date of the New Share Pledge Agreement in respect of any of the Relevant Shares, together with any and all rights and benefits that have been created or exist with respect to the Relevant Shares or any other shares in Mr. Ching TW or any other device in the nature of a security issued or suffered by Mr. Ching TW, as security to guarantee the performance of the obligations and liabilities which is owing to the Purchaser by Mr. Ching TW pursuant to the New Loan Agreement.

Mr. Ching TW has undertaken not to dispose, transfer or otherwise encumber any right attaching to shares which are pledged as Relevant Shares without prior written approval from the Purchaser.

(6) New Call Option Agreement

Date: 16 June 2021

Parties: (i) The Purchaser;
(ii) Mr. Ching TW; and
(iii) The Landholding Company

Term: The New Call Option Agreement shall continue from the date of signing of the New Call Option Agreement indefinitely until all assets of the Landholding Company are transferred to the Purchaser or its assignees and registration process required thereafter has been completed with the relevant local authorities.

Subject:

The New Call Option Agreement provided that the Landholding Company irrevocably granted the exclusive right to the Purchaser or its assignees to purchase all or part of the assets of the Landholding Company at market value, to the maximum extent allowed by the then applicable Cambodian laws and regulations. Each of the Landholding Company and Mr. Ching TW has undertaken to return to the Purchaser any consideration it received in the event that the Purchaser exercises such option to acquire the assets of the Landholding Company.

In order to prevent the flow of assets and value of the Landholding Company to Mr. Ching TW, each of the Landholding Company and Mr. Ching TW also undertakes with the Purchaser to the maximum extent allowed by the Cambodian laws and regulations, among other things:

- (i) without the written approval of the Purchaser, not to supplement, change or amend the memorandum and articles of association of the Landholding Company, increase or reduce its registered capital or change its structure of registered capital in any other manner;
- (ii) without the written approval of the Purchaser, not to provide or receive loans or guarantee except under the New Structured Documents;
- (iii) without the written approval of the Purchaser, not to merge or consolidate with, acquire or invest in any entity;
- (iv) without the written approval of the Purchaser, not to distribute dividends or profits to the shareholders of the Landholding Company;
- (v) take all necessary actions or sign all necessary documents to protect the ownership rights of the Purchaser in all assets of the Landholding Company, where applicable; and
- (vi) in the event of liquidation of the Landholding Company and to the maximum extent allowable by Cambodian laws, any assets of the Landholding Company (after deduction of the liquidation cost, staff salary, tax, social insurance and other statutory compensations) shall be transferred to the Purchaser or its assignees at market value of the assets at the time of the above transfer and such amount will be reimbursed by the shareholders of the Landholding Company.

(7) New Shareholders' Agreement

Date: 16 June 2021

Parties: (i) The Purchaser; and

(ii) Mr. Ching TW

Term: Three years commencing from the date of the New Shareholders' Agreement. If both parties to the New Shareholders' Agreement agree, the term of the New Shareholders' Agreement may be renewed by writing every three years, subject to the compliance with the Listing Rules.

Major terms : The Purchaser and Mr. Ching TW agreed on the rights and obligations of them as shareholders of the Landholding Company and also, restrictions against Mr. Ching TW with respect of, among other things, the disposal of the Relevant Shares, distribution of dividends and management and operation of the Landholding Company, to parties other than the Purchaser or to any other person to be designated by the Purchaser.

If there are any dividends, profits, benefits or interests declared in relation to the interests of the New Local Partner as a shareholder in the Landholding Company, he can only transfer and assign these interests to the Purchaser or to any other person to be designated by the Purchaser, and ultimately, the Company.

The Landholding Company is not engaged in any business activities other than holding a land parcel and the properties on the land parcel and for property investment. The Company's business in Cambodia is operated by its subsidiaries, namely Teng Xun Limited and Ming Fai Enterprise (Cambodia) Co., Ltd., both private limited companies registered under the laws of Cambodia, and revenue and profit (if any) from the business operations in Cambodia is recorded in such subsidiaries of the Purchaser instead of the Landholding Company. The Landholding Company has also entered into ten fixed-term leases with such subsidiaries (with leases entered into between 2018 to 2021) pursuant to which the Landholding Company has agreed to lease the land and premises owned by the Landholding Company to each of such subsidiaries for periods ranging from two to ten years at an annual rent ranging from US\$1,080.0 to US\$163,387.8.

The Cambodia legal advisers to the Company have confirmed that the arrangement contemplated by the New Structured Documents (i) does not violate the Foreign Ownership Restrictions; (ii) does not constitute a breach to the laws and regulations of Cambodia which prohibit foreign companies to directly or indirectly own land and real properties; and (iii) will not be deemed as concealing illegal intentions with a lawful form and void under Cambodian laws. The arrangements under the New Structured Documents in place will encompass dealing with the Landholding Company's assets, as it confers the Landholding Company the right to legally hold the land for the benefit of its shareholders in accordance with the shareholding proportion and such control and economic benefits from the Landholding Company, the Land and the Properties will be passed back to the Purchaser and Mr. Ching TW (ultimately, the Company).

The New Structured Documents, alone, and together work along to allow the Landholding Company the right to legally hold the land for the benefit of the Company (via the Purchaser and the New Local Partner). In particular, the terms and conditions of the New Shareholders' Agreement are mainly placed to set out rights and obligations of the shareholders of the Landholding Company, which ensure the Purchaser's preferential entitlement (on behalf of the Company) of rights, including the drag-along rights, right of appointment of directors and management and certain restrictive covenants on the New Local Partner, such as restrictions of transfer of dividends, land and assets and shares held by him in the Landholding Company. Specifically, under the New Shareholders' Agreement, the proxy of the Landholding Company's shareholder corresponds with the New POA, which is granted to the Attorneys or its appointees, and among other things, governs the transfer and assignment of all economic benefits, including dividends or profits (if any) declared to Mr. Ching TW as a shareholder of the Landholding Company to the Company (via the Purchaser). Other than the New Shareholders' Agreement, the New Local Partner will also enter into the New Loan Agreement with the Purchaser and use the loan amount to purchase for 51% of the equity interests of the Landholding Company and the only way of repayment is by way of transferring such equity interests back to the Purchaser or any other person at its instruction. Pledge of the assets of the Landholding Company is restricted unless unanimously agreed by the shareholders of the Landholding Company. Nevertheless, the New Call Option Agreement allows the Purchaser to exercise the call option to acquire the assets of the Landholding Company and the 51% of the equity interests will be pledged as a security in the favour of the Purchaser, all of which contributes to govern the formal relationship between the New Local Partner and the Purchaser in their capacity as the shareholders of the Landholding Company, but not only as the parties to the above loan and private security arrangement.

In the event of death, bankruptcy or loss of capacity of Mr. Ching TW, the New Structured Documents provided that the successors of the New Local Partner shall be treated as parties to the New Structured Documents and the successors shall succeed or bear all rights and obligations under the New Structured Documents. Nevertheless, the New Local Partner will be obliged to transfer all his Relevant Shares to the Purchaser and such obligation will be made aware to and bind the New Local Partner's successor. Given the enforcement of succession under Cambodian laws shall be conducted via court proceedings, the New Local Partner's successor shall file a petition to the competent court requesting for a court order to distribute the Relevant Shares of the New Local Partner to the New Local Partner's successor. The competent court will examine evidence and issue a court decision ("**Court Decision**") to distribute the Relevant Shares per the request of the New Local Partner's successor. Once the Court Decision is final and binding, the New Local Partner's successor can then request for execution of such Court Decision to the competent court, who will approve the request for execution and issue another court order instructing the relevant authority (mainly the MOC in this case) to undertake the transfer of Relevant Shares from the New Local Partner to its successor in accordance with the Court Decision. Once the transfer of the Relevant Shares to the New Local Partner's successor is perfected at the MOC, the New Local Partner can further file another application to the MOC requesting for the transfer of the Relevant Shares to the Purchaser. With full cooperation of the New Local Partner's successor, the court judgment and regulatory filing with the relevant authority in Cambodia in relation to the transfer of the Relevant Shares from the New Local Partner to its successor and then from the New Local Partner's successor to the Purchaser, would not constitute limitations for the Purchaser. Such transfer will not be subject to substantial costs but only standard filing costs regulated by the relevant authorities and stamp duty. As such, other than the possibility of the enforcement of succession law, there is no legal impediment in obtaining a favourable judgment.

Each of the New Loan Agreement, the New Share Pledge Agreement and the New Shareholders' Agreement contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the performance of or relating to the New Structured Documents, the dispute shall be referred to and finally settled by arbitration in the Kingdom of Cambodia at the National Commercial Arbitration Centre in accordance with the arbitral rules for the time being in force, which include, but not limit to, the fact that the arbitrators may award remedies over the shares or land assets of the Landholding Company, injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of the Landholding Company. The rules are deemed to be incorporated by reference in the respective clauses in each of the New Loan Agreement, the New Share Pledge Agreement and the New Shareholders' Agreement, provided that any party may seek interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases in courts of competent jurisdictions with the power to grant such interim remedies including the courts of Hong Kong, Cayman Islands, British Virgin Islands, and Kingdom of Cambodia. Nevertheless, the Cambodian courts may refuse to accept jurisdiction or may stay proceedings in certain circumstances (for example, if the matter concerned is res judicata, if litigation is pending or being brought in another forum on the same matter, if another forum is more convenient, or if there is an agreement to submit the matter for arbitration).

Based on the above mechanism and the advice from the Cambodia legal advisers to the Company, the Directors are of the view that appropriate arrangements were made to ensure the Purchaser's interests in the Landholding Company, the Land and the Properties are sufficiently protected in the event of death, bankruptcy or loss of capacity of the New Local Partner and any practical difficulties in enforcing New Structured Documents are avoided.

With the New VIE Structure in place, the Company confirmed that the financial results of the Landholding Company will be accounted for and consolidated into the Company's consolidated accounts.

As at the date of this announcement, the Company has not encountered any interference or encumbrance from any Cambodian governing bodies in operating its business through the Landholding Company under the VIE Structure or the New VIE Structure.

Nevertheless, the Group intends that and the terms of the New Structured Documents have provided that the New VIE Structure will be unwinded and the Group will directly hold 100% equity interests in the Landholding Company and/or the Land and the Properties when the Foreign Ownership Restrictions no longer exist.

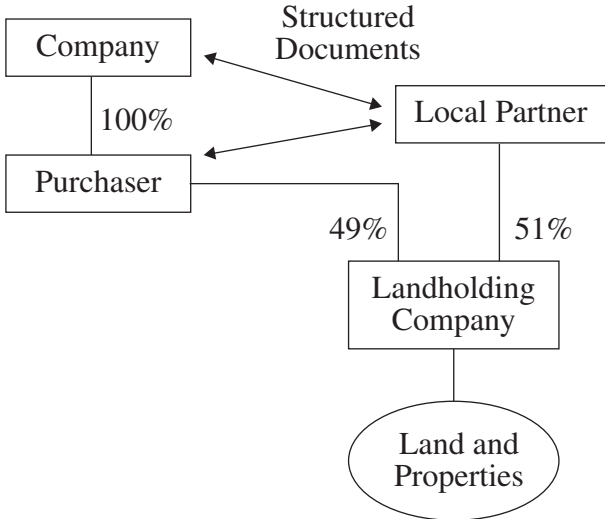
The Company is also of the view that they have in place effective internal controls over the Landholding Company to safeguard the Company's assets held through the New Structured Documents because (i) Mr. Ching TW, being an executive Director of the Company, who is also a director of the Purchaser, one of the shareholders of the Landholding Company, he is in a better position to safeguard the interests of the Company in the Landholding Company and it is no longer required to indemnify Mr. Ching TW from any liabilities of the Landholding Company; (ii) pursuant to the New Loan Agreement, Mr. Ching TW shall borrow, and the Purchaser shall lend the abovementioned loan for the sole purpose of payment for the acquisition of 51% of the equity interests of the Landholding Company with the condition that the repayment of the loan shall be made only by way of transferring of the Relevant Shares in the Landholding Company to the Purchaser or its appointee; (iii) pursuant to the New Share Pledge Agreement, Mr. Ching TW shall pledge the Relevant Shares in the Landholding Company to the Purchaser as collateral to secure the liabilities as described in the New Loan Agreement; and (iv) the New POA allows for effective control of the Landholding Company by the Company (via the Purchaser).

Based on the above analysis and advice from the Cambodia legal advisers to the Company, the Directors are of the view that, the adoption of the New VIE Structure, which is reproduced from the VIE Structure, is unlikely to be deemed ineffective or invalid under the applicable Cambodian laws and regulations and that each of the arrangements under the New VIE Structure conferring significant control and economic benefits from the Landholding Company is enforceable under relevant laws and regulations.

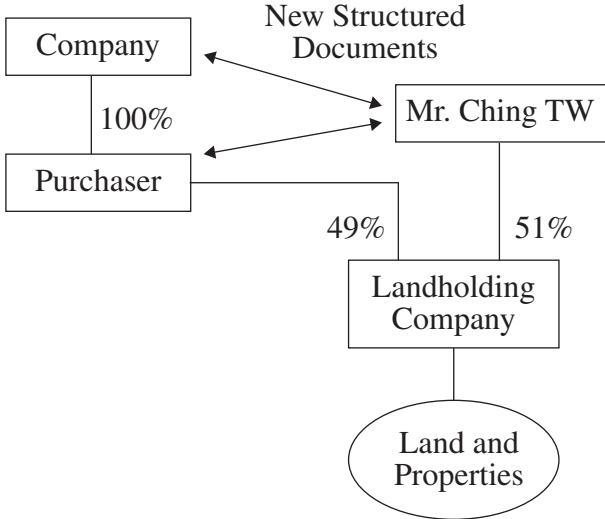
The Directors (including the independent non-executive Directors) are of the view that the terms of the transactions contemplated under the New Structured Documents are fair and reasonable and the New Structured Documents are on normal commercial terms and entered into in the ordinary course of business of the Company and in the interests of the Company and its Shareholders as a whole. Save for Mr. Ching Chi Fai, Mr. Ching Chi Keung, Mr. Ching TW, being the executive Directors, and Ms. Chan Yim Ching, being the non-executive Director, together with the concert parties interested in approximately 30.62% of the Shares, none of the Directors had any material interest in the transactions contemplated under the New Structured Documents, therefore, none of them shall be required to abstain from voting on the board resolutions approving the New Structured Documents and the transactions contemplated thereunder.

DIAGRAMS OF THE GROUP’S EXISTING VIE STRUCTURE AND THE NEW VIE STRUCTURE

The following simplified diagram illustrates the Group’s VIE Structure prior to the entering of the New Structured Documents:



The following simplified diagram illustrates the New VIE Structure after entering into the New Structured Documents:



RISKS AND LIMITATIONS RELATING TO THE NEW VIE STRUCTURE

Economic risks that the Purchaser bears as the beneficiary of the Landholding Company, financial support to the Landholding Company and potential exposure of the Group to losses

As the shareholder of the Landholding Company, the Purchaser will share both profit and loss of the Landholding Company and bears economic risks which may arise from difficulties in the operation of the Landholding Company's business. Given that the Group conducts its business operations in Cambodia through the Landholding Company, which holds the Land and Properties, and that its financial position and result of operations are consolidated into the Group's financial statements under the applicable accounting principles, the Group's business, financial position and results of operations would be adversely affected if the Landholding Company suffers losses and may trigger the need to provide financial support to it.

The New Structured Documents may not be as effective as direct ownership in providing control over the Landholding Company

The Group relies on contractual arrangements under the New Structured Documents with Mr. Ching TW to operate the hospitality supplies business in Cambodia. The New Structured Documents may not be as effective as direct ownership in providing the Group with control over the Landholding Company. In addition, if Mr. Ching TW fails to perform his obligations under the New Structured Documents or otherwise have disputes with the Group, the Group may have to initiate arbitration or other legal proceedings, which involve significant uncertainty. There can be no assurance that the outcome will be in the Group's favour and it may adversely affect the Group's ability to control the Landholding Company.

Other risks relating to the New VIE Structure

Risks for unforeseeable change of interpretation and determination by the Cambodian government on the compliance of the arrangement contemplated by the New Structured Documents with Cambodian laws and regulations

Notwithstanding the Cambodia legal advisers to the Company is of the view that the arrangement contemplated by the New Structured Documents does not violate any applicable laws and regulations, there is uncertainty regarding the interpretation and applicability of the Cambodian laws and regulations such that the Cambodian government may determine that the contractual arrangements under the New VIE Structure do not comply with the applicable laws and regulations of Cambodia. Given the uncertain legal and business environment in Cambodia, it is difficult to foresee whether the Cambodian regulatory authorities will take the same view regarding the New VIE Structure as the Cambodia legal advisers to the Company in the future.

The New Local Partner, as shareholder of the Landholding Company and an executive Director, may lead to potential conflicts of interest and potential disputes

The Cambodian laws provide that a director or an executive officer owes a fiduciary duty to the company he or she directs or manages. The directors and executive officers of the Landholding Company, must act in good faith and in the best interests of the Landholding Company and must not use their respective positions for personal gain. On the other hand, a Director has a duty of care and loyalty to the Company and to its Shareholders as a whole under the laws of Cayman Islands. The Company controls the Landholding Company through the New Structured Documents, and their business and operations are closely integrated. Nonetheless, conflicts of interests for these individuals may arise due to dual roles both as the New Local Partner and an executive Director. We cannot assure you that the New Local Partner will always act in the best interests of the Company should any conflicts of interest arise, or that any conflicts of interest will always be resolved in the Company's favour. If we cannot resolve any such conflicts of interest or any related disputes, we would have to rely on legal proceedings to resolve these disputes and/or take enforcement action under the New Structured Documents. There is substantial uncertainty as to the outcome of any such legal proceedings.

The Company does not maintain an insurance policy to cover the risks relating to arrangement under the New VIE Structure

The insurance of the Group does not cover the risks relating to the New Structured Documents and the transactions contemplated thereunder and the Company has no intention to purchase any new insurance in this regard.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Ching TW, being the executive Director, is a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Accordingly, the transactions contemplated under the New Structured Documents, in particular, the New Loan Agreement and the New Shareholders' Agreement which provides for the transfer and assignment of dividends, profits, benefits or interests by Mr. Ching TW to the Purchaser, constitute a connected transaction and a continuing connected transaction of the Company, respectively, under Chapter 14A of the Listing Rules.

As the highest of all of the applicable percentage ratios in respect of the New Loan Agreement is more than 0.1% but less than 5%, the New Loan Agreement is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As none of the applicable percentage ratios in respect of the transfer and assignment of dividends, profits, benefits or interests by Mr. Ching TW to the Purchaser under the New Shareholders' Agreement exceeds 5% and the total annual amount payable to the Purchaser is below HK\$3 million, it is fully exempted from the relevant requirements of reporting, announcement, circular and independent shareholders' approval under Chapter 14A of the Listing Rules.

GENERAL

The New Structured Documents will be published on the Company's website (<http://www.mingfaigroup.com>).

Completion of the Change of Local Partner is conditional upon fulfillment of all filing and registration of the Transfer Documents with the relevant government authorities in Cambodia which are necessary or required having been lodged. There is no assurance as to when completion may take place. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Director(s)”	directors of the Company
“Mr. Ching TW” or “New Local Partner”	Mr. Ching Tsun Wah, executive Director of the Company, who will hold 51% of the equity interests in the Landholding Company upon the completion of the Transfer Documents
“New Blank Share Transfer Documents”	the blank share transfer documents as further detailed in the section headed “New Blank Share Transfer Documents”
“New Blank Shareholders’ Resolution”	the blank shareholders’ resolution as further detailed in the section headed “New Blank Shareholders’ Resolution”
“New Call Option Agreement”	the call option agreement dated 16 June 2021 among the Purchaser, Mr. Ching TW and the Landholding Company as further detailed in the section headed “New Call Option Agreement”
“New Loan Agreement”	the loan agreement dated 16 June 2021 between the Purchaser and Mr. Ching TW as further detailed in the section headed “New Loan Agreement”
“New POA”	the power of attorney and proxy dated 16 June 2021 among Mr. Ching TW, the Landholding Company and the Company as further detailed in the section headed “New POA”
“New Share Pledge Agreement”	the share pledge agreement dated 16 June 2021 between the Purchaser and Mr. Ching TW as further detailed in the section headed “New Share Pledge Agreement”

“New Shareholders’ Agreement”	the shareholders’ agreement dated 16 June 2021 between the Purchaser and Mr. Ching TW as further detailed in the section headed “New Shareholders’ Agreement”
“New Structured Documents”	collectively, the New Loan Agreement, the New Share Pledge Agreement, the New Call Option Agreement, the New Blank Share Transfer Documents, the New Blank Shareholders’ Resolution, the New Shareholders’ Agreement and the New POA
“New VIE Structure”	the structure established through the entering into of the New Structured Documents, which enables the Group to effectively hold and control the Landholding Company
“Termination Agreement”	the termination agreement dated 16 June 2021 between the Local Partner and the Purchaser, as further detailed in the section headed “Termination Agreement”
“Transfer Documents”	the share transfer documents pursuant to which the Local Partner shall transfer 51% of the equity interests of the Landholding Company to Mr. Ching TW

By order of the Board
Ming Fai International Holdings Limited
CHING Chi Fai
Chairman

Hong Kong, 16 June 2021

As at the date of this announcement, the executive Directors are Mr. CHING Chi Fai, Mr. CHING Chi Keung, Mr. LIU Zigang, Mr. CHING Tsun Wah and Mr. KEUNG Kwok Hung; the non-executive Director is Ms. CHAN Yim Ching; and the independent non-executive Directors are Mr. HUNG Kam Hung Allan, Mr. MA Chun Fung Horace, Mr. NG Bo Kwong and Mr. SUN Eric Yung Tson.