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UPDATE OF LITIGATION IN THE PEOPLE'S REPUBLIC OF CHINA AND PROFIT WARNING

This announcement is made by Ming Fai International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 6 January 2014 (the “**Announcement**”) in relation to the litigation of the Company in the People’s Republic of China (the “**PRC**”). Capitalized terms used herein have the same meanings as those defined in the Announcement unless otherwise specified.

The Board announces that the Company had decided to make provisions for compensation and other related costs of approximately RMB31,000,000 (equivalent to approximately HK\$39,800,000) with reference to the Judgment. Accordingly, it is expected that such provisions will significantly decrease the net profit of the Group for the year ended 31 December 2013.

The Defendants had commenced the appeal proceedings to the Supreme People’s Court of the PRC. The Board will closely monitor the development of the Litigation and will take all necessary measures to protect the interests of the Group. The Company reserves the right to confiscate the deposit of RMB10,000,000 (equivalent to approximately HK\$12,840,000) withheld from the consideration payable to the vendors of the China retail business acquired by the Company in 2010 and to exercise the right to indemnify over any further loss in accordance with the sales and purchase agreement in relation to the acquisition of China retail business. The Company will make further announcement if and when there is any significant development in respect of this matter.

* *For identification purpose only*

Shareholders of and potential investors in the Company should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 28 January 2014

As at the date of this announcement, the executive Directors are Mr. CHING Chi Fai, Mr. CHING Chi Keung, Mr. LIU Zigang, Mr. LEE King Hay and Ms. CHAN Yim Ching; the non-executive Director is Mr. Lawrence Joseph MORSE; and the independent non-executive Directors are Mr. SUN Kai Lit Cliff, Mr. HUNG Kam Hung Allan, Mr. MA Chun Fung Horace and Mr. NG Bo Kwong.