

**MING FAI INTERNATIONAL HOLDINGS LTD:  
SOMETHING DOES NOT SMELL RIGHT ABOUT THIS COMPANY**

Whenever this medium notes that members of the senior management of a company, one which is pitching an **Initial Public Offering** (IPO) on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), are selling part of their holdings, the red flag is hoisted at **TARGET** ().

In the case of Ming Fai International Holdings Ltd () (Code: 3828, Main Board, The Stock Exchange of Hongkong Ltd), the Selling Shareholdings, unloading 27 million Shares in aggregate, comprise:

- |    |   |                   |
|----|---|-------------------|
| 1. | Mr Ching Chi Fai (), a Founder and<br>current Executive Chairman of the Company   | 11,723,400 Shares |
| 2. | Mr Ching Chau Chung (),<br>a Founder and Executive Director   | 10,913,400 Shares |
| 3. | Mr Ching Chi Keung (),<br>a Founder, an Executive Director and<br>brother of the Chairman, and<br>Ms Chan Yim Ching ()<br>an Executive Director,<br>responsible for sales and marketing | 2,840,400 Shares  |
| 4. | Mr Liu Zi Gang (),<br>an Executive Director,<br>responsible for sales and marketing   | 1,522,800 Shares  |

The above-mentioned, Executive Directors will gross about \$HK80.46 million between them while the Company will net about \$HK412 million if all goes well.

What **TARGET** cannot understand is the reason that the above-named, Executive Directors would want to '*cash in a chunk of their chips*', so to speak, just at the time that their Company is about to don the purple of a publicly listed company.

Unless, of course, the stock, lock-up agreement, also known as the non-disposal undertaking, in respect of the shares, beneficially belonging to these Executive Directors, preclude them from selling their shares for a period of 12 months from the date of listing on the Main Board of The Stock Exchange of Hongkong Ltd?

**The Flotation**

Ming Fai International produced its International Placing and Hongkong Public Offer Prospectus on Monday, October 22, 2007.

The Company Offered 150 million, one-cent Shares at the maximum Offer Price of \$HK2.98 per Share.

Pages 239 to 241 of the Prospectus stated that the Company was coming to the HKSAR '*wishing well*' in order to raise money for the following purposes:

1. \$HK80 million (about 21.20 percent of the net proceeds from the IPO) to be used '*on our sales and marketing activities ...*';

2. \$HK159 million (about 42.10 percent of the net proceeds from the IPO) to be used *‘primarily for enhancement of our production ...’*;
3. \$HK20 million (about 5.30 percent of the net proceeds from the IPO) to be used *‘primarily for enhancement of our sourcing and procurement by acquisition and/or establishment of upstream production lines of raw materials and supplies ...’*;
4. \$HK39 million (about 10.30 percent of the net proceeds from the IPO) to be used *‘primarily for repayment of short-term bank loans for working capital ...’*;
5. \$HK55.40 million (about 14.70 percent of the net proceeds from the IPO) to be used
  - a. *‘for settlement of outstanding consideration for obtaining land use rights over a parcel of land for construction of our Luoding Production Base’*;
  - b. *‘for rectification of our titles over Pinghu Land II ... and the building structures thereon principally for payment of land premium in the relevant land reclamation and transfer procedures’*; and,
  - c. *‘for setting up logistic facilities in the Greater China Region and Southeast Asia’*.
6. \$HK5 million (about 1.30 percent of the net proceeds from the IPO) to be used *‘primarily for enhancement of our management information system’*; and,
7. \$HK19.10 million (about 5.10 percent of the net proceeds from the IPO) to be used as General Working Capital.

The ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com). **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*