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SINOREF

SINOREF HOLDINGS LIMITED

華耐控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1020)

**PLACING OF EXISTING SHARES AND
SUBSCRIPTION OF NEW SHARES**

Placing Agent



中投證券(香港)
CHINA INVESTMENT SECURITIES (HK)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

On 10 January 2014 (after trading hours), the Company entered into the Placing and Subscription Agreement with the Vendor and the Placing Agent pursuant to which the Vendor agreed to place, through the Placing Agent, on a best endeavour basis, up to 200,000,000 Placing Shares to not less than six Placées at a price of HK\$0.38 per Placing Share.

Pursuant to the Placing and Subscription Agreement, the Vendor conditionally agreed to subscribe for up to 200,000,000 New Shares at a price of HK\$0.38 per New Share.

The Subscription is conditional upon, (i) completion of the Placing; and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares.

Assuming all Placing Shares are placed, the Placing Shares (or the New Shares) represent (i) approximately 16.67% of the existing issued share capital of the Company of 1,200,000,000 Shares as at the date of this announcement; and (ii) approximately 14.29% of the issued share capital of the Company of 1,400,000,000 Shares as enlarged by the Subscription.

The Placing Price of HK\$0.38 represents:

- (i) a discount of approximately 18.28% to the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 18.45% to the average closing price of HK\$0.466 per Share as quoted on the Stock Exchange from 3 January 2014 to 9 January 2014, both dates inclusive, being the last five consecutive trading days prior to the date of the Placing and Subscription Agreement.

Assuming all Placing Shares are placed, the net proceeds of approximately HK\$75 million from the Subscription is intended to be used for general working capital and/or to finance potential investment projects.

Shareholders and potential investors should note that completion of the Subscription and Placing are subject to the satisfaction of the conditions precedent in the Placing and Subscription Agreement. As the Placing and Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date

10 January 2014 (after trading hours)

Parties

- (1) the Placing Agent
- (2) the Vendor
- (3) the Company

THE PLACING

Placing Shares

Pursuant to the Placing and Subscription Agreement, the Placing Agent has agreed to procure, on a best endeavour basis, not less than six Placées for the purchase of up to 200,000,000 Placing Shares at the Placing Price. Assuming all Placing Shares are placed, the Placing Shares represent (i) approximately 16.67% of the existing issued share capital of the Company of 1,200,000,000 Shares as at the date of this announcement; and (ii) approximately 14.29% of the issued share capital of the Company of 1,400,000,000 Shares as enlarged by the Subscription.

Placing commission

The Placing Agent will receive a placing commission of 1.0% equivalent to the Placing Price multiplied by the number of the Placing Shares successfully placed by the Placing Agent, which was arrived at after arm's length negotiation between the Company and the Placing Agent. The Placing Agent and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

Placees

The Placing Agent will place the Placing Shares, on a best endeavour basis, to not less than six Placees who are individual, institutional or professional investors and whose ultimate beneficial owners will be (i) independent of and not connected with the Company and its connected persons; and (ii) third parties independent of and not acting in concert with the Vendor or any person acting in concert with him.

Placing Price

The Placing Price is HK\$0.38, representing:

- (i) a discount of approximately 18.28% to the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 18.45% to the average closing price of HK\$0.466 per Share as quoted on the Stock Exchange from 3 January 2014 to 9 January 2014, both dates inclusive, being the last five consecutive trading days prior to the date of the Placing and Subscription Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis among the Company, the Vendor and the Placing Agent. The Directors consider that the Placing Price and the placing commission are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares rank *pari passu* among themselves and with Shares in issue as at the date of this announcement.

Conditions of the Placing

The Placing is unconditional.

Completion

The Placing is expected to be completed on 13 January 2014, being the next Business Day after the date of the Placing and Subscription Agreement, or such other date as the Vendor and the Placing Agent shall agree.

THE SUBSCRIPTION

The New Shares

The New Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 240,000,000 Shares. Up to the date of

this announcement, no Shares have been issued under the General Mandate. Following completion of the Subscription and assuming all Placing Shares are placed, a total number of 200,000,000 New Shares will be allotted and issued, leaving a balance of 40,000,000 Shares to be allotted and issued under the General Mandate.

The Subscription Price

The Subscription Price is HK\$0.38 per New Share. The Subscription Price is the same as the Placing Price and was determined after arm's length negotiation between the Company and the Vendor with reference to the Placing Price.

Number of New Shares

The number of New Shares is equivalent to the number of Placing Shares.

Ranking of New Shares

The New Shares, when issued and fully paid, will rank *pari passu* among themselves and with Shares in issue at the time of allotment and issue of the New Shares.

Conditions of the Subscription

The Subscription is conditional upon:

- (i) the completion of the Placing; and
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the New Shares.

Completion of the Subscription will not take place if any of the above conditions are not fulfilled.

Completion

Subject to fulfillment of the above conditions, completion of the Subscription will take place on the second Business Day following the satisfaction of the above conditions or such other date as the Vendor and the Company shall agree.

The Subscription constitutes a connected transaction under the Listing Rules but it falls within the exemption under Rule 14A.31(3)(d) of the Listing Rules if the Subscription is completed within 14 days from the date of the Placing and Subscription Agreement (i.e. 24 January 2014). In the event that the Subscription is not completed within 14 days from the date of the Placing and Subscription Agreement, the Subscription will not fall within the exemption under Rule 14A.31(3)(d) of the Listing Rules and shall be subject to the approval of independent shareholders of the Company and the Company will comply with the relevant connected transaction requirements of Chapter 14A of the Listing Rules.

In the event that the conditions of the Placing and Subscription Agreement are not fulfilled by 22 January 2014, or such later date as may be agreed between the Company and the Vendor, the obligations and liabilities of the Company and the Vendor in relation to the Subscription shall be null and void and the Vendor and the Company shall be released from all rights and obligations pursuant to the Placing and Subscription Agreement.

REASONS FOR THE PLACING AND SUBSCRIPTION

Assuming all the Placing Shares are placed, the gross proceeds from the Subscription will be HK\$76 million. The net proceeds of approximately HK\$75 million from the Subscription is intended to be used for general working capital and/or to finance potential investment projects.

It is the Company's strategy to review from time to time potential business opportunity and investments to enhance the Shareholders' value. The Group has been focusing on finding suitable investments that present development opportunities and also able to provide a sustainable stream of cash flow and profit in the long run.

At the date of this announcement, the Company has not entered into any legally binding agreements in relation to any investments, however, the additional capital on hand will facilitate the efficient execution of such potential investment projects, if any.

The Directors had considered various ways of raising funds and consider that the Placing and the Subscription represent an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider the Placing and the Subscription are in the interests of the Company and the Shareholders as a whole.

Completion of the Placing and the Subscription is subject to the satisfaction of the conditions precedent in the Placing and Subscription Agreement. As the Placing and Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities during the twelve months immediately prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

	As at the date of this announcement		Immediately after the Placing but before the Subscription (Note 5)		Immediately after the completion of the Placing and Subscription (Note 5)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Xu Yejun (Note 1)	330,000,000	27.50	330,000,000	27.50	330,000,000	23.57
The Vendor	205,012,000	17.08	5,012,000	0.41	205,012,000	14.64
Zhang Lanyin (Note 2)	18,000,000	1.50	18,000,000	1.50	18,000,000	1.29
Placees (Notes 3 and 4)	–	–	200,000,000	16.67	200,000,000	14.29
Public Shareholders	646,988,000	53.92	646,988,000	53.92	646,988,000	46.21
Total	<u>1,200,000,000</u>	<u>100.00</u>	<u>1,200,000,000</u>	<u>100.00</u>	<u>1,400,000,000</u>	<u>100.00</u>

Notes:

1. Xu Yejun is an executive Director, the chairman of the Board and the chief executive officer of the Company.
2. Zhang Lanyin resigned as non-executive Director on 27 November 2013.
3. It is expected that the Placees will be individual, institutional or professional investors and whose ultimate beneficial owners will be (i) independent of and not connected with the Company and its connected persons; and (ii) third parties independent of and not acting in concert with the Vendor or his concert parties.
4. Assuming all the Placing Shares are placed.
5. Assuming that the share options granted by the Company are not exercised by the grantees.

GENERAL

The Group is principally engaged in manufacture and sale of advanced steel flow control products, such as subentry nozzle, stopper, tundish nozzle and ladle shroud.

As at the date of this announcement, the authorised share capital of the Company consisted of 3,000,000,000 Shares out of which 1,200,000,000 Shares are issued and fully paid up.

The New Shares will be allotted and issued pursuant to the General Mandate passed at the AGM. Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the New Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“AGM”	the annual general meeting of the Company held on 18 June 2013
“associates”	has the meaning given to that term in the Listing Rules
“Board”	the board of Directors
“Business Day”	means any day (excluding Saturdays, Sundays and public holidays) on which commercial banks generally are open for business in Hong Kong
“Company”	Sinoref Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange (stock code: 1020)
“connected person(s)”	has the meaning given to that term in the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	10 January 2014, being the last full trading day for the Shares on the date of this announcement
“Listing Rules”	the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited
“New Shares”	up to 200,000,000 new Shares to be subscribed by the Vendor pursuant to the Placing and Subscription Agreement
“Placee(s)”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to acquire any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing and Subscription Agreement
“Placing”	the placing of Placing Shares
“Placing Agent”	China Investment Securities International Brokerage Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing and Subscription Agreement”	the placing and subscription agreement dated 10 January 2014 entered into among the Company, the Vendor and the Placing Agent
“Placing Price”	HK\$0.38 per Placing Share, exclusive of Hong Kong stamp duty, Stock Exchange trading fees and SFC transaction levy
“Placing Shares”	up to 200,000,000 existing Shares legally and beneficially owned by the Vendor and to be placed by or on behalf of the Placing Agent pursuant to the Placing and Subscription Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of New Shares
“Subscription Price”	HK\$0.38 per New Share
“Vendor”	Mr. Chen Hong, being the legal and beneficial owner of 205,012,000 Shares at the date of this announcement
“%”	per cent

By order of the Board
Sinoref Holdings Limited
Mr. Xu Yejun
Chairman

Hong Kong, 10 January 2014

As at the date of this announcement, the executive Directors of the Company are Mr. Xu Yejun, Mr. Zhao Ping, Mr. Ho Yuk Hay, the non-executive Director of the Company is Mr. Chow Chi Wa and the independent non-executive Directors of the Company are Mr. Yao Enshu, Mr. Tsui Siu Hang Steve and Mr. Wong Kwong Chi.