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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Sinoref Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

**REFRESHMENT OF GENERAL MANDATE  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**

**VINCO**  **域高**

**Grand Vinco Capital Limited**

*(A wholly-owned subsidiary of Vinco Financial Group Limited)*

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A notice convening the extraordinary general meeting of the Company (the “EGM”) to be held at Unit 2005, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong at 11 a.m. on Friday, 28 February 2014 is set out on pages 19 to 20 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof to the office of the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

12 February 2014

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“associates”	has the meaning given to that term in the Listing Rules
“Board”	the board of Directors
“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)
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened on 28 February 2014 for the purpose of considering and, if thought fit, approving the Refreshment of General Mandate
“Existing General Mandate”	the general mandate granted at the annual general meeting of the Company held on 18 June 2013 to the Directors by the Shareholders to allot, issue and deal with up to 240,000,000 Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board established by all the independent non-executive Directors to advise the Independent Shareholders in respect of the Refreshment of General Mandate
“Independent Financial Adviser” or “Vinc Capital”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (Stock code: 8340), a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders

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## DEFINITIONS

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“Independent Shareholders”	any Shareholders other than controlling Shareholders and their associates or, where there are no controlling Shareholders, any Shareholders other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Latest Practicable Date”	7 February 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange
“New General Mandate”	the new mandate proposed to be sought at the EGM to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM
“PRC”	the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Refreshment of General Mandate”	the proposed refreshment of the Existing General Mandate and grant of the New General Mandate
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws 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 Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	subscription of 200,000,000 Shares pursuant to the terms of the placing and subscription agreement entered into among the Company, China Investment Securities International Brokerage Limited and Mr. Chen Hong, which was announced by the Company on 10 January 2014
“%”	per cent.

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Xu Yejun

Mr. Zhao Ping

Mr. Ho Yuk Hay

*Non-executive Director:*

Mr. Chow Chi Wa

*Independent non-executive Directors:*

Mr. Yao Enshu

Mr. Tsui Siu Hang, Steve

Mr. Wong Kwong Chi

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal Place of Business*

*in Hong Kong*

Suite 2007, Tower 1

Lippo Centre

89 Queensway

Hong Kong

12 February 2014

*To the Shareholders*

Dear Sir or Madam,

**REFRESHMENT OF GENERAL MANDATE  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you, among other things, (i) further information regarding the Refreshment of General Mandate; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Refreshment of General Mandate; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate; and (iv) a notice convening the EGM.

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## LETTER FROM THE BOARD

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### REFRESHMENT OF GENERAL MANDATE

At the annual general meeting of the Company held on 18 June 2013, the Shareholders approved, among other things, ordinary resolutions to approve the Existing General Mandate. As at the date of passing of such resolution, there were a total of 1,200,000,000 Shares in issue and the Directors were authorised to allot and issue 20% of the issued Shares, being 240,000,000 Shares under the Existing General Mandate. On 20 January 2014, a total of 200,000,000 Shares were allotted and issued at HK\$0.38 each by way of Subscription under the Existing General Mandate as set out in the Company's announcements dated 10 January 2014 and dated 20 January 2014. The net proceeds of approximately HK\$75 million was intended for the Group's general working capital and/or other potential investments. As at the Latest Practicable Date, the said proceeds have not been used. Further, on 21 January 2014, 2,400,000 Shares were allotted and issued under the Existing General Mandate upon the exercise of certain share options of the Company ("**Exercise of Options**").

Upon the completion of the Subscription and the Exercise of Options, the issued share capital of the Company has been enlarged from 1,200,000,000 Shares to 1,402,400,000 Shares as at the Latest Practicable Date. The Existing General Mandate has been utilised as to 202,400,000 Shares, representing approximately 84.33% of the aggregate number of Shares which may be allotted and issued under the Existing General Mandate, between the period from the grant of the Existing General Mandate to the Latest Practicable Date. As at the Latest Practicable Date, the Company has not made any refreshment of the Existing General Mandate since the annual general meeting of the Company held on 18 June 2013.

An ordinary resolution will be proposed to the Shareholders to approve the Refreshment of General Mandate to authorise the Directors to allot and issue new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of such resolution by Shareholders. Subject to the passing of the ordinary resolution for the approval of the Refreshment of General Mandate and on the basis that no further Shares are issued and/or repurchased by the Company up to the date of the EGM, the Company would be allowed under the New General Mandate to allot and issue up to 280,480,000 Shares, being 20% of the Shares in issue as at the Latest Practicable Date.

### REASONS OF THE REFRESHMENT OF GENERAL MANDATE

As disclosed in the Company's announcement dated 10 January 2014, it is the Company's strategy to review from time to time potential business opportunities 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.

As at the Latest Practicable Date, the Company was reviewing several potential projects and had identified a project in the PRC which the Board considered to be most probable. Based on the information provided by the counterparty, the project company is principally engaged in sales and production of paper converting equipment and the relating equipment. The

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## LETTER FROM THE BOARD

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Company has started preliminary negotiations with the counterparty and is currently conducting feasibility study, including but not limited to onsite inspection, interviews with management of the project company and reviewing certain documents, however, the Company has not entered into any legally binding agreements in relation to such investment. The Company may or may not proceed the above-mentioned project, and such decision will be at the Board's absolute discretion and subject to the applicable rules under the Listing Rules. Shareholders and investors should therefore exercise caution when dealing in the Shares.

Nevertheless, the Refreshment of General Mandate will provide financial flexibility to the Company and facilitate the efficient execution of potential investment projects, if any, by allotting and issuing of the Shares as part of the consideration of potential investment projects. Moreover, the Board considers that the Refreshment of General Mandate will provide the Company with an additional financing alternative in a less costly and a relatively flexible way as it (i) does not create any payment of interest obligations on the Group as compared with bank financing; and (ii) is less costly than raising funds by way of right issue or open offer.

Set out below is the fund raising activities conducted by the Company in the past twelve months prior to the Latest Practicable Date:

<b>Date of Announcement</b>	<b>Fund raising activities</b>	<b>Net proceeds raised (approximate)</b>	<b>Intended use of net proceeds</b>	<b>Actual use of proceeds as at the date of this Announcement</b>
10 January 2014	Placing and Subscription of new Shares under a general mandate	HK\$75 million	For the general working capital and/or financing potential investments	Not used

Save as and except for the above, the Company had not conducted any other equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

As the net proceeds obtained from the Subscription have not been used as at the Latest Practicable Date and will be intended to apply to general working capital and/or financing potential investments as disclosed above, the Directors considered that the Refreshment of General Mandate is solely intended to provide financial flexibility to the Company and will only apply to the possible acquisition, if and when it materializes, as referred to the discussion above or to other potential investment opportunities as and when they arise. Therefore, the Directors have not considered other financing alternatives at the Latest Practicable Date.

In view of the above, the Board considers the use of general mandate is crucial in a competitive and rapidly changing investment environment and in times of volatile market conditions and the New General Mandate, which may or may not be utilized, is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### EGM

As the Refreshment of General Mandate is being made prior to the Company's next annual general meeting, under Rule 13.36(4) of the Listing Rules, the Refreshment of General Mandate will be subject to the Independent Shareholders' approval by way of an ordinary resolution at the EGM at which any of the controlling Shareholders and their associates, or where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executives and all their respective associates shall abstain from voting in favour of the resolution approving the Refreshment of General Mandate. As at the Latest Practicable Date, the Company has no controlling Shareholders. Mr. Xu Yejun, being an executive Director with shareholding interest in the Company, together with their respective associates are required to abstain from voting in favour of the resolution approving the Refreshment of General Mandate.

A notice convening the EGM to be held at Unit 2005, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong at 11 a.m. on Friday, 28 February 2014 is set out on pages 19 to 20 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

### VOTING BY POLL

Under Rule 13.39 of the Listing Rules, any votes of the Shareholders at a general meeting must be taken by poll. Therefore, the chairman of the EGM will demand a poll for the resolution put forward at the EGM pursuant to the articles of association of the Company. The Company will appoint Tricor Tengis Limited as scrutineer to handle vote-taking procedures at the EGM. An announcement will be made by the Company following the conclusion of the EGM to inform the Shareholders of the results of the EGM.

### RECOMMENDATION

The Directors (excluding the independent non-executive Directors) are of the view that the terms of the Refreshment of General Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (excluding the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the proposed resolution at the EGM.

The Board has established an Independent Board Committee comprising all independent non-executive Directors to consider and, if appropriate, make a recommendation to the Independent Shareholders (i) as to whether the Refreshment of General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.



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## LETTER FROM THE BOARD

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The Company has appointed Vinco Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate.

After taking into account the terms of the Refreshment of General Mandate, the opinion of the Independent Financial Adviser, the Independent Board Committee considers that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the resolution to be proposed at the EGM to approve and confirm the Refreshment of General Mandate.

Your attention is drawn to:

- (a) this letter from the Board;
- (b) a letter from the Independent Board Committee is set out on pages 8 to 9 of this circular; and
- (c) a letter from the Independent Financial Adviser is set out on pages 10 to 18 of this circular.

By order of the Board  
**Sinoref Holdings Limited**  
**Xu Yejun**  
*Chairman*

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)**

*Independent non-executive Directors:*

Mr. Yao Enshu  
Mr. Tsui Siu Hang, Steve  
Mr. Wong Kwong Chi

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal Place of Business  
in Hong Kong*

Suite 2007, Tower 1  
Lippo Centre  
89 Queensway  
Hong Kong

12 February 2014

*To the Independent Shareholders*

Dear Sir or Madam,

**REFRESHMENT OF GENERAL MANDATE**

We refer to the circular dated 12 February 2014 (the “**Circular**”) issued by the Company to the Shareholders, of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular have the same meanings when used in this letter.

We have appointed as members of the Independent Board Committee to consider the Refreshment of General Mandate and to advise you as to the fairness and reasonableness of the same and to recommend how the Independent Shareholders should vote at the EGM. Vinco Capital has been appointed to advise us, the Independent Board Committee, and the Independent Shareholders in relation to the Refreshment of General Mandate.

We wish to draw your attention to the letter from the Board, as set out on pages 3 to 7 of the Circular, and the letter from the Independent Financial Adviser to us and the Independent Shareholders containing its advice in respect of the Refreshment of General Mandate as set out on pages 10 to 18 of this circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Taking into account the principal factors and reasons considered by Independent Financial Adviser and its conclusion and advice, we concur with the views of the Independent Financial Adviser and consider that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolution to be proposed at the EGM to approve the Refreshment of General Mandate.

Yours faithfully,

For and on behalf of

**Independent Board Committee**

**Mr. Yao Enshu**

**Mr. Tsui Siu Hang, Steve**      **Mr. Wong Kwong Chi**  
*Independent non-executive Directors*

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## LETTER FROM VINCO CAPITAL

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*The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and Independent Shareholders in relation to the Refreshment of General Mandate which has been prepared for the purpose of incorporation in this circular:*



**Grand Vinco Capital Limited**  
Units 4909-4910, 49/F., The Center  
99 Queen's Road Central, Hong Kong

12 February 2014

To the Independent Board Committee and the Independent Shareholders of  
*Sinoref Holdings Limited*

Dear Sirs and Madams,

### **REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES**

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the Refreshment of General Mandate to issue and allot Shares, details of which are set out in the letter from the Board contained in the circular issued by the Company to the Shareholders dated 12 February 2014 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

At the annual general meeting of the Company held on 18 June 2013, the Shareholders approved, among other things, ordinary resolution to approve the Existing General Mandate. As at the date of passing of such resolution, there were a total of 1,200,000,000 Shares in issue and the Directors were authorised to allot and issue 20% of the issued Shares, being 240,000,000 Shares under the Existing General Mandate. On 20 January 2014, a total of 200,000,000 Shares were allotted and issued at HK\$0.38 each by way of Subscription under the Existing General Mandate as set out in the Company's announcements dated 10 January 2014 and 20 January 2014. The net proceeds of approximately HK\$75 million was intended for the Group's general working capital and/or other potential investments. As at the Latest Practicable Date, the said proceeds have not been used. Further, on 21 January 2014, 2,400,000 Shares were allotted and issued under the Existing General Mandate upon the exercise of certain share options of the Company ("Exercise of Options").

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## LETTER FROM VINCO CAPITAL

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Upon the completion of the Subscription and the Exercise of Options, the issued share capital of the Company has been enlarged from 1,200,000,000 Shares to 1,402,400,000 Shares as at the Latest Practicable Date. The Existing General Mandate has been utilised as to 202,400,000 Shares, representing approximately 84.33% of the aggregate number of Shares which may be allotted and issued under the Existing General Mandate, between the period from the grant of the Existing General Mandate to the Latest Practicable Date. As at the Latest Practicable Date, the Company has not made any refreshment of the Existing General Mandate since the annual general meeting of the Company held on 18 June 2013.

An ordinary resolution will be proposed to the Shareholders to approve the Refreshment of General Mandate to authorise the Directors to allot and issue new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of such resolution by Shareholders. Subject to the passing of the ordinary resolution for the approval of the Refreshment of General Mandate and on the basis that no further Shares are issued and/or repurchased by the Company up to the date of the EGM, the Company would be allowed under the New General Mandate to allot and issue up to 280,480,000 Shares, being 20% of the Shares in issue as at the Latest Practicable Date.

As the Refreshment of General Mandate is being made prior to the Company's next annual general meeting, under Rule 13.36(4) of the Listing Rules, the Refreshment of General Mandate will be subject to the Independent Shareholders' approval by way of an ordinary resolution at the EGM at which any of the controlling Shareholders and their associates, or where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executives and all their respective associates shall abstain from voting in favour of the resolution approving the Refreshment of General Mandate. As at the Latest Practicable Date, the Company has no controlling Shareholders. Mr. Xu Yejun, being an executive Director with shareholding interest in the Company, together with his respective associates are required to abstain from voting in favour of the resolution approving the Refreshment of General Mandate.

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Yao Enshu, Mr. Tsui Siu Hang, Steve and Mr. Wong Kwong Chi, has been established to consider and, if appropriate, make a recommendation to the Independent Shareholders as to whether the terms of the Refreshment of General Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We have been appointed, and approved by the Independent Board Committee, as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate.

In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give an independent opinion as to whether the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole, fair and reasonable as far as the interests of the Independent Shareholders are concerned, and whether the Independent Board Committee should recommend that the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Refreshment of General Mandate.

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## LETTER FROM VINCO CAPITAL

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### **BASIS OF OUR OPINION AND RECOMMENDATION**

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete up to and including the date of the EGM and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

We consider that we have been provided with, and we have reviewed sufficient information to reach an informed view, to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. We have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Refreshment of General Mandate, as referred to in Rule 13.80 of the Listing Rules (including the notes thereof) in formulating our opinion and recommendation.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Refreshment of General Mandate and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

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## LETTER FROM VINCO CAPITAL

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### **PRINCIPAL FACTORS AND REASONS CONSIDERED IN RELATION TO THE REFRESHMENT OF GENERAL MANDATE**

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate, we have considered the principal factors and reasons set out below:

#### **Background to and reasons for the Refreshment of General Mandate**

The Group is primarily engaged in the manufacturing of advanced steel flow control products used in the continuous casting steel making process to protect, control and regulate the flow of molten steel, such as subentry nozzle, stopper, tundish nozzle and ladle shroud.

At the annual general meeting of the Company held on 18 June 2013, the Shareholders approved, among other things, ordinary resolution to approve the Existing General Mandate. As at the date of passing of such resolution, there were a total of 1,200,000,000 Shares in issue and the Directors were authorised to allot and issue 20% of the issued Shares, being 240,000,000 Shares under the Existing General Mandate. On 20 January 2014, a total of 200,000,000 Shares were allotted and issued at HK\$0.38 each by way of Subscription under the Existing General Mandate as set out in the Company's announcements dated 10 January 2014 and 20 January 2014. The net proceeds of approximately HK\$75 million was intended for the Group's general working capital and/or other potential investments. As at the Latest Practicable Date, the said proceeds have not been used. Further, on 21 January 2014, 2,400,000 Shares were allotted and issued under the Existing General Mandate upon the Exercise of Options.

Upon the completion of the Subscription and the Exercise of Options, the issued share capital of the Company has been enlarged from 1,200,000,000 Shares to 1,402,400,000 Shares as at the Latest Practicable Date. The Existing General Mandate has been utilised as to 202,400,000 Shares, representing approximately 84.33% of the aggregate number of Shares which may be allotted and issued under the Existing General Mandate, between the period from the grant of the Existing General Mandate to the Latest Practicable Date. As at the Latest Practicable Date, the Company has not made any refreshment of the Existing General Mandate since the annual general meeting of the Company held on 18 June 2013.

An ordinary resolution will be proposed to the Shareholders to approve the Refreshment of General Mandate to authorise the Directors to allot and issue new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of such resolution by Shareholders. Subject to the passing of the ordinary resolution for the approval of the Refreshment of General Mandate and on the basis that no further Shares are issued and/or repurchased by the Company up to the date of the EGM, the Company would be allowed under the New General Mandate to allot and issue up to 280,480,000 Shares, being 20% of the Shares in issue as at the Latest Practicable Date.

As disclosed in the Company's announcement dated 10 January 2014, it is the Company's strategy to review from time to time potential business opportunities and investments to enhance the Shareholders' value. The Group has been focusing on finding suitable investments

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## LETTER FROM VINCO CAPITAL

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that present development opportunities and also able to provide a sustainable stream of cash flow and profit in the long run. As at the Latest Practicable Date, the Company was reviewing several potential projects and had identified a project in the PRC which the Board considered to be most probable. Based on the information provided by the counterparty, the project company is principally engaged in sales and production of paper converting equipment and the relating equipment. The Company has started preliminary negotiations with the counterparty and is currently conducting feasibility study, including but not limited to onsite inspection, interviews with management of the project company and reviewing certain documents, however, the Company has not entered into any legally binding agreements in relation to such investment. As part of our due diligence, the Company has provided us investment proposals in relation to the potential projects they are reviewing. Also, we have reviewed the product brochure and business license of the project company in the PRC and were advised by the Directors that the Company has conducted onsite due diligence and reviewed certain documents as part of their feasibility study.

The Refreshment of General Mandate will provide financial flexibility to the Company and facilitate efficient execution of potential investment projects, if any, by allotting and issuing of Shares as part of the consideration of potential investments projects.

Moreover, the Board considers that the Refreshment of General Mandate will provide the Company with an additional financing alternative in a less costly and a relatively flexible way as it (i) does not create any payment of interest obligations on the Group as compared with bank financing; and (ii) is less costly than raising funds by way of right issue or open offer.

Taken the above-mentioned into consideration, as the reasons for the Refreshment of General Mandate are in line with the long term expansion strategy of the Group, as stated in the interim report of the Group for the six months ended 30 June 2013, we are of the view that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

### **Financial flexibility**

#### ***(i) in terms of capital-raising amount***

The Existing General Mandate has been utilised as to 202,400,000 Shares and leaving only 37,600,000 Shares that can be issued. If the Refreshment of General Mandate is approved and on the basis that no further Shares will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the EGM, up to 280,480,000 new Shares, representing 20% of the Shares in issue as at the Latest Practicable Date, could be allotted and issued under the New General Mandate.

As at the Latest Practicable Date, although the Company has not entered into any legally binding agreements in relation to any investments, the Refreshment of General Mandate provides an alternative mean of equity financing to the Group when capturing potential acquisitions, particularly since the Existing General Mandate has been substantially utilised. In



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## LETTER FROM VINCO CAPITAL

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this respect, we consider that the Refreshment of General Mandate will maintain and/or enhance the financial flexibility for raising capital and capturing potential investment opportunities for the Group, if and when required, by way of issue of new Shares, and the terms of the Refreshment of General Mandate are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

*(ii) in terms of time required for rising capital*

The Directors advised that, as at the Latest Practicable Date, no immediate funding was required for the operation of the business of the Group, and no legally binding agreements in relation to any investments have been entered. However, the Directors advised that the Group would review business opportunities and investments from time to time to enhance the Shareholders' value and believes that funding requirements or appropriate investment opportunities to expand and diversify existing business portfolios may happen prior to the next annual general meeting, and such funding or investment decisions may have to be met or made within a short period of time. Accordingly, we believe that the Refreshment of General Mandate will provide the Group with the financial flexibility as allowed under the Listing Rules to allot and issue new Shares as consideration for funding such business development opportunities in the future as and when such opportunities arise.

Hence, taking into account any funding requirement or appropriate investment opportunities that may happen prior to the next annual general meeting and such opportunities may not always arise, we are of the view that the Refreshment of General Mandate could (i) enhance the financing flexibility of the Group to respond to potential investment opportunities; and (ii) allow the Group to raise capital or make prompt investment decisions within a short period of time, if and when any equity financing should be required.

### **Liquidity of the Group**

As stated in the interim report of the Group for the six months ended 30 June 2013, in face of the challenging domestic market condition in the PRC, the management of the Group understands the importance of diversifying its customer base and has bolstered its initiatives to expand the overseas market. Realising the importance of a diversified customer base, the Group has developed a long-term overseas development strategy in order to tap and pursue overseas markets in Europe, Korea, Taiwan and North America. Moreover, the Group is maintaining its strong commitment in research and development. However, there is no guarantee that cash resources available to the Group will be sufficient or be available for such business and/or investment development in the future. In the event that the Company identifies suitable businesses and/or investment development opportunities with insufficient financial resources on hand, or is unable to obtain loan financing on acceptable terms, or cannot find other financing alternatives in a timely manner, the Company may lose its chances to capture an otherwise favourable opportunity and/or favourable investment to expand its business portfolio. We thus consider that it is reasonable for the Group to maintain a strong capital base while securing additional means for fund raising for possible acquisition and/or investment opportunities as and if they arise. In addition, without the Refreshment of General Mandate, the Company may have to pay cash or settle the investment or acquisition consideration in other means and lose the financial flexibility to use consideration shares.

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## LETTER FROM VINCO CAPITAL

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Based on the foregoing, we concur with the Directors' view that the Refreshment of General Mandate is in the ordinary and usual course of the business, and the terms of the Refreshment of General Mandate are fair and reasonable to the Company, and in the interests of the Company and Independent Shareholders as a whole.

### **Fund raising activities in the past twelve months**

Set out below is the fund raising activities conducted by the Company in the past twelve months prior to the Latest Practicable Date:

<b>Date of Announcement</b>	<b>Fund raising activities</b>	<b>Net proceeds raised (approximate)</b>	<b>Intended use of net proceeds</b>	<b>Actual use of proceeds as at the date of this Announcement</b>
10 January 2014	Placing and Subscription of new Shares under a general mandate	HK\$75 million	For the general working capital and/or financing potential investment projects	Not used

Save as and except for the above, the Directors confirmed that the Company had not conducted any other equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

As the net proceeds obtained from the Subscription have not been used as at the Latest Practicable Date and will be intended to apply to general working capital and/or financing potential investment projects as disclosed above, the Directors considered that the Refreshment of General Mandate is solely intended to provide financial flexibility to the Company and will only apply to the possible acquisition, if and when it materializes, as referred to the discussion above or to other potential investment opportunities as and when they arise. Therefore, the Directors have not considered other financing alternatives as at the Latest Practicable Date.

In view of the above, the Board considers the use of general mandate is crucial in a competitive and rapidly changing investment environment and in times of volatile market conditions and the New General Mandate, which may or may not be utilized, is in the interests of the Company and the Shareholders as a whole.

We concur with the Director's view that the Refreshment of General Mandate is fair and reasonable, and in the interest of the Company and its Shareholders as a whole as (i) it gives the Company the financial flexibility of issuing consideration shares for potential investments while there are possibilities that the Company may use the proceeds from the Subscription for potential projects under negotiation; and (ii) the New General Mandate is solely intended for financing potential investments when they materialize or arise, therefore, it would not create excessive funding for the Company.

### **Potential dilution to the shareholding of the Independent Shareholders**

The table below depicts the shareholding structure of the Company as at the Latest Practicable Date, and for illustrative purpose, the shareholding structure of the Company assuming (i) full utilisation of the New General Mandate; and (ii) no changes in the issued share capital of the Company during the period between the Latest Practicable Date and the date of the EGM.

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## LETTER FROM VINCO CAPITAL

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	As at the Latest Practicable Date		Immediately after the full utilisation of the New General Mandate (assuming no additional Shares are issued or repurchased by the Company after the Latest Practicable Date and up to the date of the EGM)	
	Number of Shares	%	Number of Shares	%
	<i>(approximately)</i>		<i>(approximately)</i>	
Xu Yejun ( <i>Note 1</i> )	330,000,000	23.53	330,000,000	19.61
Chen Hong	205,012,000	14.62	205,012,000	12.18
Zhang Lanyin ( <i>Note 2</i> )	18,000,000	1.28	18,000,000	1.07
Public Shareholders	849,388,000	60.57	849,388,000	50.47
Holder of new Shares to be issued under the New General Mandate	—	—	280,480,000	16.67
Total	<u>1,402,400,000</u>	<u>100.00</u>	<u>1,682,880,000</u>	<u>100.00</u>

*Notes:*

1. Xu Yejun is an executive Director, the chairman of the Board and the chief executive of the Company.
2. Zhang Lanyin resigned as non-executive Director on 27 November 2013.

Shareholders should be aware that the Existing General Mandate will be revoked upon approval at the EGM of the Refreshment of General Mandate, and will be and continue to be in force until the earliest of (i) the conclusion of the Company's next annual general meeting; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Company's memorandum of association or bye-laws or any applicable law to be held; and (iii) the revocation or variation of the authority given under the relevant resolution to be proposed at the EGM of the Company by ordinary resolution of the Independent Shareholders in general meeting. Such duration is in compliance with Rule 13.36(3) of the Listing Rules.

Upon full utilisation of the New General Mandate, 280,480,000 Shares will be issued, representing 20% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 16.67% of the issued share capital of the Company as enlarged by the Shares issued under the New General Mandate. Assuming no Shares will be issued and/or repurchase by the Company between the Latest Practicable Date and the date of the EGM, the aggregate shareholding of the existing public Shareholders will decrease from approximately 60.57% to 50.47% upon full utilisation of the New General Mandate. The existing public Shareholders will have a potential maximum decrease in shareholding of approximately 10.10% following the full utilisation of the New General Mandate.

Taking into account the benefits of the Refreshment of General Mandate as discussed above and the fact that the shareholding of all the Shareholders will be diluted to the same extent upon any utilisation of the New General Mandate, with all other things being equal, we consider such dilution or potential dilution of shareholding of the Independent Shareholders to be acceptable.

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## LETTER FROM VINCO CAPITAL

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### RECOMMENDATION

Having taken into consideration the above principal factors and reasons regarding the Refreshment of General Mandate, in particular:

- (i) the Existing General Mandate has been utilised as to 202,400,000 Shares, representing approximately 84.33% of the aggregate number of Shares which may be allotted and issued under the Existing General Mandate, between the period from the grant of the Existing General Mandate to the Latest Practicable Date;
- (ii) the New General Mandate allows the Company to raise capital by allotment and issuance of additional new Shares;
- (iii) the New General Mandate enhances financial flexibility for the Group to raise capital or capture potential investment opportunities within a short period of time if and when any equity financing should be required; and
- (iv) the acceptable potential dilution to shareholdings of the Independent Shareholders,

we are of the opinion that the Refreshment of General Mandate is in the interests of the Company and the Independent Shareholders as a whole, and the terms of the Refreshment of General Mandate are fair and reasonable and are on the ordinary and usual course of business so far as the Independent Shareholders are concerned. Independent Shareholders are, however, reminded to note the potential dilution effect of the full utilisation of the Refreshment of General Mandate on their shareholding interests in the Company.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Refreshment of General Mandate.

Yours faithfully,  
For the on behalf of  
**Grand Vinco Capital Limited**  
**Alister Chung**  
*Managing Director*

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## NOTICE OF EGM

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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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of Sinoref Holdings Limited (the “**Company**”) will be held at Unit 2005, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong at 11 a.m. on Friday, 28 February 2014, for the purposes of considering and, if thought fit, passing with or without modifications, the following resolution which will be proposed as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT**”

- (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with new shares in the capital of the Company, and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period (as defined below) to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period (as defined below);
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) of this resolution, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution; and the said approval shall be limited accordingly, otherwise than pursuant to the following:
  - (i) a Rights Issue (as defined below);
  - (ii) any shares issued pursuant to the exercise of rights of subscription or conversion under the terms of any warrants or any debentures, bonds, warrants, notes issued by the Company or any securities which are convertible into shares of the Company;

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## NOTICE OF EGM

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- (iii) any share options granted or exercised pursuant to any option scheme or, any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; and
  - (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors; and

“Rights Issue” means an offer of shares, open for a period fixed by the Directors to shareholders of the Company on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

By order of the Board  
**Sinoref Holdings Limited**  
**Xu Yejun**  
*Chairman*

Hong Kong, 12 February 2014

*Principal place of business in Hong Kong:*  
Suite 2007, Tower 1  
Lippo Centre  
89 Queensway  
Hong Kong

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## NOTICE OF EGM

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*Notes:*

1. A member of the Company entitled to attend and vote at the extraordinary general meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed. A proxy need not be a member of the Company, but must attend the extraordinary general meeting in person to represent you.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited with the Company's Hong Kong branch share registrar, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjourned meeting thereof.
3. Completion and delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the extraordinary general meeting or any adjournment thereof and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

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