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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)**

**CONNECTED TRANSACTION  
ISSUE OF NEW SHARES FOR SETTLEMENT OF PROMISSORY NOTE**

On 6 September 2016 after trading hours, the Company and the Subscriber entered into a Subscription Agreement pursuant to which the Subscriber agreed to subscribe and the Company agreed to issue a total of 207,400,000 new Shares at the price of HK\$0.166 per Share. The aggregate Subscription Price of HK\$34,428,400 will be settled by the Subscriber by way of set off against an equivalent outstanding amount under the Promissory Note.

As at the date of this announcement, the total outstanding amount under the Promissory Note is approximately HK\$34.44 million. The Company intends to redeem the entire Promissory Note upon completion of the Subscription. The balance of the outstanding amount under the Promissory Note after deducting the aggregate Subscription Price will be repaid by cash.

The Subscription Shares represent approximately 6.96% of the existing number of issued shares of the Company of 2,978,612,000 Shares as at the date of this announcement and approximately 6.51% of the total number of issued shares of the Company as enlarged by the Subscription.

The Subscription is conditional upon the Stock Exchange granting the listing of and permission to deal in the Subscription Shares. If such condition is not fulfilled, the Subscription will not proceed.

**LISTING RULES IMPLICATIONS**

The Subscriber is a director of a subsidiary of the Company and hence is a connected person of the Company at the subsidiary level. As the Subscription is on normal commercial terms or better and (i) the Board has approved the Subscription; and (ii) the independent non-executive Directors have confirmed that the terms of the Subscription are fair and reasonable, the Subscription is on normal commercial terms or better and in the interests of the Company and Shareholders as a whole, the Subscription is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **SUBSCRIPTION AGREEMENT**

### **Date**

6 September 2016

### **Parties**

- (1) The Company; and
- (2) Ms Lam Wai Ha

The Subscriber is a director of a subsidiary of the Company and hence is a connected person of the Company at the subsidiary level.

### **Number of Subscription Shares**

207,400,000 new Shares, representing approximately 6.96% of the existing issued share capital of the Company of 2,978,612,000 Shares as at the date of this announcement and approximately 6.51% of the issued share capital of the Company as enlarged by the Subscription. The nominal value of the Subscription Shares is HK\$20,740,000.

### **Subscription Price**

HK\$0.166 per Share, representing:

- (a) a discount of approximately 14.0% to the closing price of HK\$0.193 per Share as quoted on the Stock Exchange on 6 September 2016, being the date of the Subscription Agreement; and
- (b) a discount of approximately 10.75% to the average closing price of HK\$0.186 per Share as quoted on the Stock Exchange for the last 5 trading days immediately before 6 September 2016, being the date of the Subscription Agreement.

The Subscription Price and was determined after arm's length negotiation between the Company and the Subscriber with reference to the historical market prices of the Shares and the prevailing market conditions.

The aggregate Subscription Price of HK\$34,428,400 will be settled by the Subscriber by way of set off against an equivalent outstanding amount under the Promissory Note.

As at the date of this announcement, the total outstanding amount under the Promissory Note is approximately HK\$34.44 million. The Company intends to redeem the entire Promissory Note upon completion of the Subscription. The balance of the outstanding amount under the Promissory Note after deducting the aggregate Subscription Price will be repaid by cash.

## General Mandate

The Subscription Shares will be issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the Company's annual general meeting held on 10 June 2016 up to 595,722,400 Shares. As at the date of this announcement, no Share has been issued pursuant to the general mandate.

## Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Subscription, including the right to any dividends or distributions after the date of allotment.

## Conditions to the Subscription

The Subscription is conditional upon the Stock Exchange granting the listing of and permission to deal in the Subscription Shares

If the aforesaid condition is not satisfied on or before the 27 September 2016 or such other date as the Company and the Subscriber may agree, the Subscription Agreement shall terminate and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## Completion of the Subscription

Completion of the Subscription will take place within 3 Business Days after the date upon which the condition listed above has been satisfied or such other date as the Company and the Subscriber may agree in writing.

## EFFECT OF THE SUBSCRIPTION ON SHAREHOLDINGS

The shareholdings in the Company as at the date of this announcement and immediately after completion of the Subscription is and will be as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Subscription	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Subscriber	0	0	207,400,000	6.51
Public shareholders	<u>2,978,612,000</u>	<u>100</u>	<u>2,978,612,000</u>	<u>93.49</u>
Total	<u><u>2,978,612,000</u></u>	<u><u>100.00</u></u>	<u><u>3,186,012,000</u></u>	<u><u>100.00</u></u>

## REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in the manufacture and sale of advanced steel flow control products, the manufacture and sale of paper converting equipment and other relating equipment, e-commerce and information technology and money lending business.

The Promissory Note bears interest at the rate of 3% per annum and will be due on 23 March 2017. According to the term of the Promissory Note, the Company may early redeem the whole or any part of the Promissory Note. The issue of the Subscription Shares capitalizes almost the entire outstanding amount under the Promissory Note and it is expected that completion of the Subscription Agreement will improve the financial position of the Company by enlarging its capital base and reducing its liabilities.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription are fair and reasonable, the Subscription is on normal commercial terms or better and in the interests of the Company and Shareholders as a whole.

## LISTING RULES IMPLICATIONS

The Subscriber is a director of a subsidiary of the Company and hence is a connected person of the Company at the subsidiary level. As the Subscription is on normal commercial terms or better and (i) the Board has approved the Subscription; and (ii) the independent non-executive Directors have confirmed that the terms of the Subscription are fair and reasonable, the Subscription is on normal commercial terms or better and in the interests of the Company and Shareholders as a whole, the Subscription is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities for the 12 months immediately before the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
20 April 2016	Placing of new shares	Approximately HK\$66.78 million	General working capital and/or future investment of the Group as and when opportunities arise	HK\$30 million was used as working capital for the money lending subsidiary.  The rest is cash at bank

## DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong) on which banks in Hong Kong are generally open for business
“Company”	Sinoref Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“connected person (s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Promissory Note”	the 3% promissory note dated 23 March 2015 issued by the Company in favour of the Subscriber in the principal sum of HK\$33 million due 23 March 2017
“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
“Subscriber”	Ms Lam Wai Ha
“Subscription”	the subscription of the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 6 September 2016 entered into between the Company and the Subscriber in relation to the subscription of the Subscription Shares

“Subscription Price”	HK\$0.166 per Subscription Share
“Subscription Shares”	207,400,000 new Shares to be issued pursuant to the Subscription Agreement
“%”	per cent.

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

Hong Kong, 6 September 2016

*As at the date of this announcement, the executive Directors are Mr. Xu Yejun and Mr. Sin Kwok Wai Ronald, the non-executive Directors are Mr. Chow Chi Wa and Ms. Yip Sum Yu and the independent non-executive Directors are Mr. Cao Ke, Mr. Tong Yiu On and Mr. Li Yik Sang.*