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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 NEW SHARES UNDER GENERAL MANDATE

Placing Agent



China Everbright Securities (HK) Limited

On 13 January 2017, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to place, on a best effort basis, to not less than six independent Placées for up to 595,600,000 new Shares at a price of HK\$0.30 per Placing Share, for and on behalf of the Company.

The Placing is conditional upon, among others, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Placing Shares. If such conditions are not fulfilled, the Placing will not proceed.

The maximum number of 595,600,000 Placing Shares represents approximately 18.7% of the entire issued share capital of the Company as at the date of this announcement and approximately 15.8% of the Company's entire issued share capital as enlarged by the Placing. The net proceeds from the Placing of approximately HK\$176.6 million (assuming the Placing Shares are fully placed and after all relevant expenses) will be used for general working capital and/or future investment of the Group as and when opportunities arise.

As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

- Date: 13 January 2017.
- Issuer: The Company
- Placing Agent: China Everbright Securities (HK) Limited. To the best of the Company's knowledge, information and belief, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.
- Placees: The Placing Shares will be placed to not less than six Placees (who will be independent individual, corporate or other investors) and their ultimate beneficial owners will be Independent Third Parties. It is expected that no Placee will become a substantial Shareholder (as such term is defined in the Listing Rules) immediately following completion of the Placing.
- Number of Placing Shares: Up to 595,600,000 new Shares, to be placed by the Placing Agent on a best effort basis. Assuming the Placing Shares are fully placed, the Placing Shares represents approximately 18.7% of the entire issued share capital of the Company of 3,186,012,000 Shares as at the date of this announcement and approximately 15.8% of the Company's entire issued share capital as enlarged by the Placing. The nominal value of the Placing Shares is HK\$59,560,000.
- Placing Price: HK\$0.30 per Placing Share. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the recent trading price of the Shares on the Stock Exchange. The Placing Price represents:
- (a) a discount of approximately 16.67% to the closing price of HK\$0.36 per Share as quoted on the Stock Exchange on 13 January 2017, being the date of the Placing Agreement;
 - (b) a discount of approximately 12.79% to the average closing price of approximately HK\$0.344 per Share as quoted on the Stock Exchange for the last 5 full trading days of the Shares immediately before 13 January 2017 being the date of the Placing Agreement.
- The Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Placing is estimated to be approximately HK\$176.6 million (assuming the Placing Shares are fully placed). As a result, the net price per Placing Share will be approximately HK\$0.297.
- Placing Commission: The Placing Agent will receive a placing commission of 1% on the gross proceeds of the Placing.

General Mandate: The Placing 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 Placing Shares: The Placing Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Placing Shares.

Conditions to the Placing: The Placing is conditional upon:

- (a) the listing of and permission to deal in all the Placing Shares being granted by the Listing Committee of the Stock Exchange; and
- (b) all necessary consents, approvals, authorizations and/or waivers having been obtained by the Company to effect the execution, completion and performance of the obligations and other terms of the Placing Agreement.

If the above conditions are not fulfilled on or prior to 7 February 2017 or such later date as may be agreed between the Company and the Placing Agent, the Placing Agreement shall terminate and none of the Parties shall have any claim against the others for costs, damages, compensation or otherwise (save in respect of any antecedent breach).

Application will be made to the Stock Exchange for approval for the listing of and permission to deal in the Placing Shares.

No Shareholders approval is required for the Placing.

Completion of the Placing: Subject to the satisfaction of all the conditions set out above, the Placing will be completed on the fifth Business Day after fulfillment of all the conditions precedent or such other date as the Placing Agent and the Company may agree.

Termination: The Placing Agent may terminate the Placing Agreement prior to completion of the Placing Agreement if in the sole and absolute opinion of the Placing Agent the success of the Placing or the business or financial condition of the Group would or is likely to be materially and adversely affected by:

- (a) any material breach of any of the representations and warranties set out in the Placing Agreement; or
- (b) any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of more than five trading days (other than in connection with the Placing); or

- (c) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
- (d) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
- (e) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (f) a change or development involving a prospective change in taxation in Hong Kong or elsewhere or the implementation of exchange controls which shall or might materially and adversely affect the Group or its present or prospective shareholders in their capacity as such; or
- (g) any change or deterioration in the conditions of local, national or international securities markets occurs; or
- (h) there is any material adverse change in the financial position of the Company.

EFFECT OF THE PLACING ON SHAREHOLDING

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

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	No. of Shares	%	No. of Shares	%
Lam Wai Ha (<i>note</i>)	207,400,000	6.51	207,400,000	5.48
Placees	0	0.00	595,600,000	15.75
Public shareholders	2,978,612,000	93.49	2,978,612,000	78.77
Total	3,186,012,000	100.00	3,781,612,000	100.00

Note : Ms Lam Wai Ha is a director of a subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF THE PROCEEDS

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.

In view of the current market conditions, the Directors consider that the Placing represents a good opportunity to broaden the shareholders base and capital base of the Company and to raise capital for the Company for its future business developments. The Directors consider the terms of the Placing Agreement to be fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The Company will bear all costs and expenses of approximately HK\$2.1 million in connection with the Placing. The net proceeds of approximately HK\$176.6 million from the Placing will be used for general working capital and/or future investment of the Group as and when opportunities arise. No specific investment targets have been identified yet as at the date of this announcement.

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:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
6 September 2016	Subscription of new shares	Approximately HK\$34.4 million	Set off against an equivalent outstanding amount under a promissory note	Set off against an equivalent outstanding amount under a promissory note
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\$58 million was used as working capital for the money lending subsidiary. Balance 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 a Saturday) on which banks generally are open for business in Hong Kong throughout their normal business hours
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee”	any individual, corporate or other investor procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the offer by way of placing of the Placing Shares procured by the Placing Agent to selected investors on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	China Everbright Securities (HK) Limited
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 13 January 2017 in relation to the Placing
“Placing Price”	HK\$0.30 per Placing Share
“Placing Shares”	a maximum of 595,600,000 new Shares to be placed pursuant to the Placing Agreement
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Sinoref Holdings Limited
Xu Yejun
Chairman

Hong Kong, 13 January 2017

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.