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## **WINFULL GROUP HOLDINGS LIMITED**

**宏輝集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 183)**

### **PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES**

**PLACING AGENT**

**CheonG Lee**

**昌利證券**

On 21 July 2015 (after trading hours), the Company entered into the Agreement with the Vendor and the Placing Agent pursuant to which the Placing Agent agreed to place on a best efforts basis the Placing Shares (comprising up to 271,848,000 existing Shares) at the Placing Price of HK\$0.46 per Placing Share on behalf of the Vendor to not less than six professional, institutional, or other investors who and whose ultimate beneficial owners will be third parties independent of and not connected with the Company, any Director, chief executive or substantial Shareholder of the Company or any of its subsidiaries, or any of their respective associates, and will not be acting in concert with the Vendor and his parties acting in concert. Moreover, on 21 July 2015, the Vendor entered into the Subscription Agreement with the Company pursuant to which, the Vendor will subscribe for the Subscription Shares, being the same number of the Placing Shares actually placed by the Placing Agent, at a price equal to the Placing Price.

The Placing is conditional upon, among other things, the Agreement not being terminated by the Placing Agent prior to completion of the Placing. The Subscription is conditional upon, among other things, (i) the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares; (ii) the completion of the Placing; and (iii) the Executive granting a waiver to the Vendor from the obligation to make a general offer for all the issued Shares not already owned or agreed to be subscribed by the Vendor and parties acting in concert with him pursuant to Note 6 to the Notes on dispensations from Rule 26 of the Takeovers Code as a result of the Subscription.

The Placing Price (which is equivalent to the subscription price per Subscription Share) was arrived at after arm's length negotiations among the Vendor, the Company and the Placing Agent. The Directors consider that the Placing Price, the terms of the Agreement and the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Assuming the Placing and the Subscription are completed in full, the Placing Shares represent approximately 10% of the existing issued share capital of the Company as at the date of this announcement and the Subscription Shares represent approximately 9.09% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares are to be issued under the general mandate to allot, issue and deal with Shares granted to the Directors at the annual general meeting of the Company held on 18 November 2014. Application will be made to the Stock Exchange for the grant of the approval for the listing of, and permission to deal in, the Subscription Shares.

Assuming the Placing and the Subscription are completed in full, the net proceeds of the Subscription will be approximately HK\$118.3 million. The Directors intend to apply the net proceeds as general working capital of the Group.

The shareholding interest of Mr. Pong, Virtue Partner and parties acting in concert with them in the issued share capital of the Company will be reduced from approximately 47.41% to approximately 37.41% immediately upon completion of the Placing and will increase to approximately 43.11% immediately after the completion of the Subscription.

**As the Placing and the Subscription are subject to the satisfaction of a number of conditions and may or may not proceed to completion, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares.**

## **PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES**

### **THE AGREEMENT**

Date: 21 July 2015 (after trading hours)

Parties:

- (1) The Company
- (2) Mr. Pong, being the Vendor
- (3) the Placing Agent

Pursuant to the Agreement, the Placing Agent agreed to place on a best efforts basis the Placing Shares (comprising up to 271,848,000 existing Shares) at the Placing Price of HK\$0.46 per Placing Share on behalf of the Vendor to not less than six professional, institutional, or other investors who and whose ultimate beneficial owners will be third parties independent of and not connected with the Company, any Director, chief executive or substantial Shareholder of the Company or any of its subsidiaries, or any of their respective associates, and will not be acting in concert with Mr. Pong, Virtue Partner and their respective parties acting in concert.

#### **The Vendor**

Mr. Pong is a controlling Shareholder (as defined under the Listing Rules) of the Company and is the beneficial owner of 352,176,000 Shares, representing approximately 12.95% of the existing issued share capital of the Company as at the date of this announcement.

Virtue Partner is a company incorporated in the British Virgin Islands and is principally engaged in investments holding. Virtue Partner is beneficially wholly-owned by Mr. Pong and holds 936,794,000 Shares as at the date of this announcement. Therefore, Mr. Pong, Virtue Partner and parties acting in concert with them are holding 1,288,970,000 Shares in aggregate, representing approximately 47.41% of the existing issued share capital of the Company as at the date of this announcement.

#### **The Placing Agent**

The Placing Agent, Cheong Lee Securities Limited, has been appointed to the exclusion of others, to place, on a best efforts basis, the Placing Shares. Each of the Placing Agent and its ultimate beneficial owners is a third party independent of and not connected with the Company, any Director, chief executive or substantial Shareholder of the Company or any of its subsidiaries, or any of their respective associates, and is not acting in concert with Mr. Pong, Virtue Partner and their respective parties acting in concert.

## **The Placees**

The Placing Shares shall be placed to not less than six professional, institutional or other investors. The placees and their ultimate beneficial owners shall be third parties independent of and not connected with the Company, any Director, chief executive or substantial Shareholder of the Company or any of its subsidiaries, or any of their respective associates. The placees and their ultimate beneficial owners shall not be acting in concert with Mr. Pong, Virtue Partner and their respective parties acting in concert. It is not expected by the Board that any individual placee will become a substantial Shareholder of the Company immediately after completion of the Placing and the Subscription.

## **Number of Placing Shares**

The number of Placing Shares shall be up to 271,848,000 Shares. The Placing Shares represent approximately 10% of the existing issued share capital of the Company as at the date of this announcement and approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

## **Placing Price**

The Placing Price of HK\$0.46 per Placing Share represents:

- (i) a discount of approximately 14.81% to the closing price of HK\$0.54 per Share as quoted on the Stock Exchange on 21 July 2015, being the date on which the Agreement was signed; and
- (ii) a discount of approximately 17.86% to the average of the closing prices of approximately HK\$0.56 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Agreement.

The Placing Price was arrived at after arm's length negotiations between the Company, Mr. Pong and the Placing Agent with reference to the closing prices per Share as shown above, the future prospects of the Group and the recent market sentiment. The Directors consider that the Placing Price and the terms of the Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **Rights**

The Placing Shares will be placed free from all liens, charges, pledges, mortgages, securities, interests, preemption rights, options, equities, trusts and any other encumbrances or third party rights or claims of any kind and together with the rights attaching to them, including the right to receive all dividends and other distributions declared, made or paid after the date of the Agreement.

## Conditions of the Placing

The obligation of the Placing Agent to proceed to completion of the Placing is conditional upon:

- (a) the Subscription Agreement having been entered into by the Company and the Vendor and not subsequently having been revoked, terminated or modified;
- (b) there not having occurred at any time prior to completion (i) any breach of, or any event rendering untrue, incorrect or breached, any of the representations, warranties or undertakings referred to in the Agreement or (ii) any breach of, or failure to perform, any of the other obligations of the Company or the Vendor which are required to be performed at or before completion of the Placing;
- (c) there not having occurred:
  - (i) any event, or series of events beyond the reasonable control of the Placing Agent (including, without limitation, acts of government, strikes, labour disputes, lockouts, fire, explosion, flooding, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, terrorism, outbreak or escalation of hostilities (whether local, national or international), acts of war and acts of God);
  - (ii) any change, or development (whether or not permanent) involving a prospective change, in or affecting the business, general affairs, management, prospects, assets and liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Company or the Group as a whole, whether or not arising in the ordinary course of business;
  - (iii) any change (whether or not permanent) or any development (whether or not permanent) involving a prospective change or any crisis in local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets and conditions with respect to interest rates in Hong Kong or otherwise) or foreign exchange controls in Hong Kong or overseas or any occurrence of a combination of any such changes or developments or crises or any deterioration of any such conditions;
  - (iv) the commencement by any state, governmental, judicial, regulatory or political body or organisation of any action against any director of the Company or an announcement by any state, governmental, judicial, regulatory or political body or organisation that it intends to take any such action; or

- (v) the introduction of any new law or regulation or any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in existing laws or regulations or the interpretation or application thereof by any court or other competent authority, which individually or together, in the sole opinion of the Placing Agent, prejudices or is likely to prejudice materially the success of the Placing or dealings in the Placing Shares in the secondary market or makes it or is likely to make it impracticable or inadvisable or inexpedient to proceed with the offer, sale, distribution or delivery of the Placing Shares on the terms and in the manner contemplated in the Agreement; and
- (d) there not having occurred at any time prior to completion (i) the imposition of any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, or in any securities of the Company on any stock exchange or over the counter market or (ii) any material disruption in securities settlement, payment or clearance services in Hong Kong or the People's Republic of China or (iii) the imposition of any moratorium on commercial banking activities by the authorities in Hong Kong or the People's Republic of China or the United States Federal or New York State authorities.

Each of the Vendor and the Company undertakes promptly to inform the Placing Agent of any matter or circumstance which comes to the attention of any of them which may fall within paragraphs (a) to (d) above. If any of such conditions shall not have been fulfilled or (alternatively) waived by the Placing Agent (upon such terms as the Placing Agent may deem necessary) by completion, the Agreement and the obligations of the Placing Agent under the Agreement shall ipso facto cease and terminate at that time (or at such earlier time as the relevant condition shall have become incapable of fulfilment and the Placing Agent shall have determined not to waive fulfilment and notified the same to the Vendor and the Company) and no party shall be under any liability to any other for costs, damages, charges, compensation or otherwise under the Agreement, except (i) in relation to outstanding liabilities for incurred costs and expenses and obligations, agreements and liabilities arising prior to such termination, and (ii) the indemnity to be given by the Company and the Vendor to the Placing Agent under the Agreement. As at the date of this announcement, condition (a) has been fulfilled.

### **Completion**

Completion of the Placing is expected to take place on or before 22 July 2015 (or such other date as the parties thereto may agree).

## **THE SUBSCRIPTION**

### **The Subscription Agreement**

Pursuant to the Agreement, the Company and the Vendor have executed the Subscription Agreement on 21 July 2015 (after trading hours), pursuant to which Mr. Pong will subscribe for up to 271,848,000 Subscription Shares, being the same number of the Placing Shares to be actually placed by the Placing Agent at a price equal to the Placing Price. The major terms of the Subscription Agreement are as follows:

#### **The Issuer**

The Company

#### **The Subscriber**

Mr. Pong, which, as at the date of this announcement, is beneficially interested in 352,176,000 Shares, representing approximately 12.95% of the existing issued share capital of the Company.

Virtue Partner which is beneficially wholly-owned by Mr. Pong, holds 936,794,000 Shares as at the date of this announcement. Therefore, Mr. Pong, Virtue Partner and parties acting in concert with them are holding 1,288,970,000 Shares in aggregate, representing approximately 47.41% of the existing issued share capital of the Company as at the date of this announcement.

The shareholding interest of Mr. Pong, Virtue Partner and parties acting in concert with them in the issued share capital of the Company will be reduced from approximately 47.41% to approximately 37.41% immediately upon completion of the Placing and will increase to approximately 43.11% immediately after the completion of the Subscription.

#### **Number of Subscription Shares**

The number of Subscription Shares shall be up to 271,848,000 Shares, being the same number of the Placing Shares successfully placed by the Placing Agent for the Vendor. The maximum aggregate nominal value of the Subscription Shares is HK\$2,718,480, assuming that the Placing and the Subscription are completed in full.

#### **Subscription Price**

The subscription price is HK\$0.46 per Subscription Share, which is equivalent to the Placing Price and will be settled by the Vendor in cash. The expenses arising from the Placing incurred by the Vendor, including but not limited to the placing commission paid to the Placing Agent will be deducted from the aggregate subscription price payable by the Vendor.

The gross proceeds to be raised from the Placing and the Subscription will be approximately HK\$125 million. After deducting the estimated expenses (including the placing commission payable to the Placing Agent) for the Placing and the Subscription, the net proceeds to be raised will be approximately HK\$118.3 million. As such, the net issue price for each newly issued Subscription Share is approximately HK\$0.435.



## **Rights**

The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares, including the right to receive all dividends or other distributions declared, made or paid after the date of completion of the Subscription.

## **Mandate to issue the Subscription Shares**

The Subscription Shares are to be issued under the general mandate to allot, issue and deal with Shares granted to the Directors at the annual general meeting of the Company held on 18 November 2014. Under the said general mandate, 695,700,000 Shares can be issued. The general mandate has not yet been utilized as at the date of this announcement. As such, the current general mandate is sufficient for the issue and allotment of the Subscription Shares. No separate Shareholders' approval is required for the Subscription and the Placing.

## **Conditions of the Subscription**

The Subscription is conditional upon the following conditions having been fulfilled within 14 days from the date of the Agreement (or such other date as may be agreed between the Company and Mr. Pong, subject to approval of the Stock Exchange):

- (1) the Stock Exchange granting approval for the listing of, and permission to deal in the Subscription Shares;
- (2) completion of the Placing in accordance with the terms of the Agreement; and
- (3) the Executive granting a waiver to the Vendor from the obligation to make a general offer for all the issued Shares not already owned or agreed to be subscribed by the Vendors and parties acting in concert with him pursuant to Note 6 to the Notes on dispensations from Rule 26 of the Takeovers Code as a result of the Subscription.

None of the above conditions are waivable by the Company or the Vendor. In the event that the conditions of the Subscription are not fulfilled in full by the date stipulated in the Subscription Agreement, neither the Company nor the Vendor shall have any obligations and liabilities under the Subscription Agreement.

## **Completion of the Subscription**

It is intended that the Subscription will be completed within 14 days from the date of the Agreement. If the Subscription is to be completed thereafter, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate circular and approval of the independent Shareholders (being Shareholders other than Mr. Pong, Virtue Partner, their respective associates and parties acting in concert).



## Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares. Further announcement will be made by the Company upon completion of the Placing and the Subscription.

## CHANGES OF SHAREHOLDING STRUCTURE

The changes of the shareholding of the Company as a result of the Placing and the Subscription are as follows:

	As at the date of this announcement		Immediate after completion of the Placing		Immediate after completion of the Placing and the Subscription	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
<b>Shareholders</b>						
Mr. Pong	352,176,000	12.95	80,328,000	2.95	352,176,000	11.78
Virtue Partner	936,794,000	34.46	936,794,000	34.46	936,794,000	31.33
<b>Public Shareholders</b>						
Places	–	–	271,848,000	10.00	271,848,000	9.09
Other public Shareholders	1,429,530,000	52.59	1,429,530,000	52.59	1,429,530,000	47.80
	<u>2,718,500,000</u>	<u>100.00</u>	<u>2,718,500,000</u>	<u>100.00</u>	<u>2,990,348,000</u>	<u>100.00</u>

## REASONS FOR THE PLACING AND THE SUBSCRIPTION

As at the date of this announcement, the Group is principally engaged in provision of, property investment and trading and property development.

The net proceeds of the Subscription will be approximately HK\$118.3 million. The Directors intend to apply the net proceeds as general working capital of the Group.

The Board considers that it is beneficial to the Company and the Shareholders as a whole to raise capital for the future business development of the Group by way of the Placing and the Subscription as the Placing and the Subscription will broaden the capital and shareholder base of the Company thereby increasing the liquidity of the Shares.

The Directors consider that the Agreement and the Subscription Agreement are entered into upon normal commercial terms following arm's length negotiations between the Company, Mr. Pong and the Placing Agent and that the terms of the Agreement and the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **EQUITY FUND RAISING ACTIVITY IN PAST 12 MONTHS**

The Company has not conducted any equity fund raising activities in the previous 12 months immediately preceding the date of this announcement.

### **GENERAL**

**As the Placing and the Subscription are subject to the satisfaction of a number of conditions and may or may not proceed to completion, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares.**

### **DEFINITIONS**

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“acting in concert”	has the meaning ascribed to this term under the Takeovers Code
“Agreement”	the placing agreement dated 21 July 2015 and entered into among the Company, the Vendor and the Placing Agent in respect of the Placing
“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Company”	Winfull Group 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 meanings as ascribed thereto under the Listing Rules
“Directors”	the directors (including the independent non-executive directors) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“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
“Mr. Pong” or “Vendor”	Mr. Pong Wai San, Wilson, a substantial shareholder of the Company and the sole beneficial owner of Virtue Partner
“Placing”	the placing of the Placing Shares by the Placing Agent on behalf of the Vendor pursuant to the Agreement
“Placing Agent”	Cheong Lee Securities Limited, a licenced corporation under the Securities and Futures Ordinance for type 1 (dealing in securities) regulated activity as defined under the Securities and Futures Ordinance, acting as the placing agent for the Placing Shares pursuant to the Agreement
“Placing Price”	the placing price of HK\$0.46 per Placing Share
“Placing Shares”	up to 271,848,000 Shares which are beneficially owned by the Vendor and will be placed by the Placing Agent on their behalf pursuant to the Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares by the Vendor pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 21 July 2015 and entered into between the Company and Mr. Pong in respect of the Subscription
“Subscription Shares”	up to 271,848,000 new Shares for which the Vendor conditionally agreed to subscribe at a price equal to the Placing Price pursuant to the Subscription Agreement, being the same number of the Placing Shares successfully placed by the Placing Agent in the Placing
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Virtue Partner”	Virtue Partner Group Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder (as defined under the Listing Rules) of the Company, which is interested in approximately 34.46% of the entire issued share capital of the Company as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Winfull Group Holdings Limited**  
**Lee Wing Yin**  
*Executive Director*

Hong Kong, 21 July 2015

*As at the date of this announcement, the Company’s executive directors are Mr. Lee Wing Yin and Mr. Ngan Man Ho, the Company’s non-executive director is Mr. Lai Hin Wing, Henry and the Company’s independent non-executive directors are Mr. Koo Fook Sun, Louis, Ms. Yeung Wing Yan, Wendy and Mr. Lung Hung Cheuk respectively.*