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HONG WEI (ASIA) HOLDINGS COMPANY LIMITED

鴻偉(亞洲)控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 8191)

PLACING OF UNLISTED WARRANTS UNDER GENERAL MANDATE

Placing Agent

SUNWAH KINGSWAY

新華滙富

PLACING OF WARRANTS

On 24 September 2014 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agreed to act as sole placing agent to place, on a best effort basis, up to 70,200,000 Warrants to independent Placees at the issue price of HK\$0.05 per Warrant.

Each Warrant to be issued at the Issue Price entitles the holder thereof to subscribe for one Warrant Share at the Exercise Price (subject to adjustment) at any time during the exercise period of one year from the issue date of the Warrants. The Warrant Shares will be allotted and issued under the General Mandate.

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

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

INTRODUCTION

On 24 September 2014 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agreed to act as sole placing agent to place, on a best effort basis, 70,200,000 Warrants to independent Placees at the issue price of HK\$0.05 per Warrant.

PLACING AGREEMENT

Date

24 September 2014

Issuer

The Company

Placing Agent

The Placing Agent will receive a placing commission of HK\$150,000, which is arrived at after arm's length negotiations between the parties to the Placing Agreement.

The Directors (including the independent non-executive Directors) are of the view that the placing commission is fair and reasonable based on the prevailing market rate and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information, and belief having made all reasonable inquiries, the Placing Agent is an Independent Third Party.

Placees

The Warrants will be placed on a best effort basis to six or more Placees who will be professional, institutional and/or individual investors, who, and whose ultimate beneficial owners will be Independent Third Parties.

Information on the Warrants

A total number of up to 70,200,000 Warrants will be issued. Upon full exercise of the subscription rights attaching to the Warrants to subscribe for HK\$32,994,000 in aggregate in cash, for 70,200,000 Warrant Shares at the Exercise Price, the Warrant Shares represent (i) approximately 9.872% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 8.98% of the issued share capital of the Company as enlarged by the issue and allotment of the Warrant Shares upon the full exercise of the subscription rights attaching to the Warrants.

Each Warrant to be issued at the Issue Price entitles the holder thereof to subscribe for one Warrant Share at the Exercise Price (subject to adjustment) at any time during the exercise period of one year from the issue date of the Warrants.

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

The Placing Agreement provides that the Warrants are to be issued to the Placee(s) upon completion in registered form and constituted by the Warrant Instrument, substantially in the form of the draft set out in a schedule to the Placing Agreement.

The principal terms of the Warrant Instrument and the Warrants are as follows:

Issue Price:	HK\$0.05 per Warrant payable in cash
Number and amounts of warrants to be issued:	Up to 70,200,000 Warrants conferring the holders to subscribe for new shares in an aggregate amount of HK\$32,994,000
Exercise Price:	HK\$0.47 per Warrant Share but subject to standard adjustment clauses
Exercise Period:	the subscription rights attaching to the Warrants can be exercised at any time during a period of one year from the date of issue of the Warrants
Transferability:	the Warrants are transferrable in integral multiples of 6,000 Warrants provided that no transfer of the Warrants to connected persons (as defined in the Listing Rules) shall be allowed without the prior approval of the Company and the Stock Exchange

Voting: The holder(s) of Warrants will not have any right to attend or vote at any meeting of Company by virtue of them being the holders of the Warrants. The holder(s) of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company

Listing: No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges, but the Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares on the Stock Exchange

Ranking of the Warrant Share: The Warrant Share, when issued and fully paid, will rank pari passu in all respects with the existing issued Shares at the date of allotment

The Exercise Price represents:

- (i) a premium of approximately 25.33% to the closing price of HK\$0.375 per Share as quoted on the Stock Exchange on 24 September 2014, being the date of the Placing Agreement; and
- (ii) a premium of approximately 28.07% to the average of the closing prices of approximately HK\$0.367 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to 24 September 2014, being the date of the Placing Agreement.

The aggregate of the Issue Price and the Exercise Price represents:

- (i) a premium of approximately 38.67% to the closing price of HK\$0.375 per Share as quoted on the Stock Exchange on 24 September 2014, being the date of the Placing Agreement; and
- (ii) a premium of approximately 41.69% to the average of the closing prices of approximately HK\$0.367 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to 24 September 2014, being the date of the Placing Agreement.

The Exercise Price and the aggregate of it with the Issue Price were determined with reference to the prevailing market price of the Shares and were negotiated on an arm's length basis between the Company and the Placing Agent.

The Directors consider that the terms of the Placing are fair and reasonable based on the prevailing market conditions and in the interests of the Company and the Shareholders as a whole.

Condition of the Placing

The Placing is conditional upon the fulfillment of the condition precedent that the GEM Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Placees shall reasonably object) the listing of, and permission to deal in, the Warrant Shares which fall to be allotted and issued upon the exercise of the subscription rights attached to the Warrants.

If the above condition precedent is not fulfilled on or before 23 October 2014 or such later date as may be agreed between the Company and the Placing Agent, the Placing Agreement will lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save the liabilities for any antecedent breaches thereof.

Completion of the Placing

Completion of the Placing will take place on the fifth Business Day following the date on which the conditions precedent set out in the Placing Agreement are fulfilled or such other date as may be agreed between the Company and the Placing Agent provided the conditions precedent of the Placing have been fulfilled.

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

If at any time prior to 9:00 a.m. on the Completion Date:

- (i) there develops, occurs or comes into force:
 - (a) any new law or regulation or any change in existing laws or regulations or the interpretation thereof which may in the opinion of the Placing Agent and in its reasonable opinion may materially and adversely affect the business or financial condition or prospects of the Group as a whole; or
 - (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not ejusdem generis with the foregoing) which, in the reasonable opinion of the Placing Agent and in its reasonable discretion will, or may be expected to, have a material adverse effect on the Placing; or
 - (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the reasonable opinion of the Placing Agent and in its reasonable discretion has or may have a material adverse effect on the Placing; or

- (ii) any breach of any of the warranties in the Placing Agreement which in the sole opinion of the Placing Agent and in its reasonable discretion is material in the context of the Placing, comes to the knowledge of the Placing Agent or there has been a material breach by the Company of any other provision of the Placing Agreement which in the reasonable opinion of the Placing Agent and in its reasonable discretion is material in the context of the Placing; or
- (iii) there is any adverse change in the business or in the financial or trading position of the Group taken as a whole which being unaware of by the Placing Agent and in the reasonable opinion of the Placing Agent and in its reasonable discretion is material in the context of the Placing;

then and in any such case, the Placing Agent may, in its reasonable discretion, terminate the Placing Agreement without liability to the Company or any other Party by giving notice in writing to the Company, provided such notice is received by the Company prior to 12:00 noon on the Completion Date.

Issue of the Warrant Shares

The Warrant Shares will be allotted and issued under the General Mandate. Under the General Mandate, the Directors are authorised to issue up to 142,223,020 Shares. Up to the date of this announcement, the General Mandate has not been previously utilised. The Placing and the issue of the Warrants and the Warrant Shares are not subject to Shareholders' approval.

SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 711,115,100 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the full exercise of the subscription rights attaching to the Warrants (assuming that there will be no further changes in the issued share capital of the Company prior to such exercise and no adjustment to the Exercise Price) are as follows:

	As at the date of this announcement		Immediately after the full exercise of the subscription rights attaching to the Warrants	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Mr. Wong Cheung Lok & Ms. Cheung Ngar Kwan <i>(Note 1)</i>	500,000,100	70.31%	500,000,100	64.00%
Golden Win Group Limited <i>(Note 2)</i>	33,335,000	4.69%	33,335,000	4.27%
Holder of Warrants	–	–	70,200,000	8.98%
Other Public Shareholders	177,780,000	25.00%	177,780,000	22.75%
Total <i>(Note 3)</i>	711,115,100	100%	781,315,100	100%

Notes:

1. Ms. Cheung Ngar Kwan is the spouse of Mr. Wong Cheung Lok. Under the SFO, Ms. Cheung Ngar Kwan is deemed to be interested in the same number of Shares in which Mr. Wong Cheung Lok is interested.
2. Golden Win Group Limited is a company incorporated in the British Virgin Islands with limited liability with a total of 1,000 ordinary shares issued to Ms. Leung Wai Ling Wylie, the company secretary of the Company and a total of 43 class A shares issued to three shareholders, of which Net Pacific Finance Group Limited (“Net Pacific”) has subscribed for 28 class A shares. Net Pacific is a wholly owned subsidiary of Net Pacific Financial Holdings Limited, a company listed on the Singapore Exchange Limited (5QY). Mr. Ong Chor Wei, the non-executive Director of the Company, is an executive director and a substantial shareholder of Net Pacific Financial Holdings Limited with a 57.07% deemed interest in its issued share capital.
3. Assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of the Warrant Shares upon exercise of the subscription rights attaching to the Warrants.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company and the principal activities of the Group, through its subsidiaries, are manufacturing and sales of particleboards, which were used primarily in the production of furniture, flooring panels, decoration and construction materials.

Assuming that all of the 70,200,000 Warrants are placed with Placee(s), the gross proceeds and the net proceeds derived from the issue of the Warrants, which are estimated to be HK\$3,510,000 and approximately HK\$3,100,000 respectively, are intended to be used by the Company as general working capital of the Group.

The Company will receive additional gross proceeds of approximately HK\$32,994,000 upon exercise in full of the subscription rights attaching to the Warrants (assuming that all the 70,200,000 Warrants are successfully placed by the Placing Agent). The Company intends to use such proceeds as general working capital of the Group.

The net proceeds of each of the Shares to be issued upon the exercise in full of the subscription rights attaching to 70,200,000 Warrants, calculated by dividing the aggregate net proceeds from the issue of the Warrants and the exercise in full of the subscription rights attaching to the Warrants by the total number of Warrant Shares so issued, will be approximately HK\$0.51.

The Directors consider that the Placing represents a good opportunity to raise additional funds for the Company while broadening the Shareholder and capital base of the Company. In addition, placing of Warrants will not result in any immediate dilution effect on the shareholding of the existing Shareholders. Other than the net proceeds that will be raised upon completion of the Placing, further capital will be raised upon the exercise of the subscription rights attaching to the Warrants by the holder of the Warrants during the Exercise Period.

In view of the immediate inflow of the proceeds from the Placing, coupled with the potential inflow of further capital upon the exercise of the subscription rights attaching to the Warrants, the Directors are of the view that the Placing provides a good opportunity to strengthen the financial position for the Company and the further inflow of the proceeds from the exercise of the subscription rights attaching to the Warrants may cater for future needs as general working capital of the Group.

In view of the above, the Directors consider that the terms of the Placing are (i) on normal commercial terms; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 8 January 2014, the Company completed its initial public offering by way of placing and raised net proceeds amounted to approximately HK\$54 million. As at the date of the announcement, the use of proceeds are as follows:

Intended use of proceeds as disclosed in the prospectus of the Company	Actual use of proceeds as at the date of the announcement	Intended Use of the remaining unused proceeds as at the date of the announcement
Approximately HK\$30.0 million for partially repaying a RMB32.0 million bank loan due in March 2014 designated for general working capital use	Approximately HK\$30.0 million has been used	–
Approximately HK\$5.0 million for expanding product range	Approximately HK\$3.0 million has been used	Approximately HK\$2.0 million has been deposited at the bank and will be used as intended
Approximately HK\$3.0 million for strengthening and expanding sales network across the PRC	Approximately HK\$1.7 million has been used	Approximately HK\$1.3 million has been deposited at the bank and will be used as intended
Approximately HK\$2.6 million for expanding supplier base for the supply of residual wood	Approximately HK\$1.0 million has been used	Approximately HK\$1.6 million has been deposited at the bank and will be used as intended

Intended use of proceeds as disclosed in the prospectus of the Company	Actual use of proceeds as at the date of the announcement	Intended Use of the remaining unused proceeds as at the date of the announcement
Approximately HK\$5.8 million for enhancing product research and development	Approximately HK\$2.8 million has been used	Approximately HK\$3.0 million has been deposited at the bank and will be used as intended
Approximately HK\$2.6 million for strengthening brand recognition	Approximately HK\$1.3 million has been used	Approximately HK\$1.3 million has been deposited at the bank and will be used as intended
Approximately HK\$5.0 million for general working capital purpose	Approximately HK\$5.0 million has been used	–

Save as disclosed above, the Company did not conduct any fund raising activities involving the issue of its securities in the past 12 months immediately preceding the date of this announcement.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto in the Listing Rules, unless otherwise specified
“Board”	board of Directors
“Business Day”	any date (excluding Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally opened for business in Hong Kong throughout their normal business hours
“Company”	Hong Wei (Asia) Holdings Company Limited, an exempted company incorporated in Hong Kong with limited liability, the securities of which are listed on the GEM of the Stock Exchange

“Completion Date”	on or before the fifth Business Day following the date on which the conditions precedent set out in the Placing Agreement are fulfilled or such later date as may be agreed between the Company and the Placing Agent
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules, unless otherwise specified
“Director(s)”	director(s) of the Company
“Exercise Price”	initial exercise price of HK\$0.47 per Warrant Share but subject to standard adjustment clauses in the Warrant Instrument
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the GEM listing committee of the Stock Exchange
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 30 May 2014, pursuant to which a maximum of 142,223,020 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	Party(ies) which is/are not connected persons (as defined under the Listing Rules) of the Company and is/are independent of the Company and its connected persons
“Issue Price”	the issue price of HK\$0.05 per Warrant payable to the Company
“Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange

“Placee(s)”	any investor who is either an individual, professional or an institutional investor and is an Independent Third Party, procured by the Placing Agent to subscribe for any of the Warrants pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Warrants pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingsway Financial Services Group Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities for the purpose of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 24 September 2014 entered into between the Company and the Placing Agent in relation to the Placing
“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shares”	shares of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrant(s)”	a total number of up to 70,200,000 unlisted warrants to be issued by the Company pursuant to the Placing Agreement and the terms and conditions of the Warrant Instrument
“Warrant Instrument”	the instrument to be entered into by the Company constituting the Warrants, substantially in the form of the draft set out in a schedule to the Placing Agreement
“Warrant Shares”	the Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the Board
Hong Wei (Asia) Holdings Company Limited
Wong Cheung Lok
Chairman

Hong Kong, 24 September 2014

At the date of this announcement, the executive Directors are Mr. Wong Cheung Lok, Ms. Cheung Ngai Kwan, Ms. Huang Xiuyan and Mr. Liu Jiayong; the non-executive Director is Mr. Ong Chor Wei; and the independent non-executive Directors are Dr. Xu Jianmin, Ms. Qian Xiaoyu and Mr. Wong Hei Chiu.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website (www.hkgem.com) for at least seven days from the date of its publication. This announcement will also be published on the Company’s website at www.hongweiasia.com.