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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)

ISSUE OF BONDS

This announcement is made by the Company pursuant to (i) the Inside Information Provision under Part XIVA of the SFO and Rule 17.10 of the GEM Listing Rules; and (ii) Rule 17.20 of the GEM Listing Rules relating to specific performance obligations on the controlling shareholder of the Company.

The Board announces that on 10 December 2015 (after trading hours), the Company and the Arranger entered into the Arranger Agreement pursuant to which the Company conditionally agrees to appoint the Arranger as the sole arranger of the Bonds Issue to procure investors to subscribe for the fixed rate guaranteed Bonds for an aggregate principal amount of up to HK\$17 million at the issue price of 100% of the principal amount of the Bonds. On the same day, the Arranger successfully procured the Subscribers to subscribe for the Bonds, and each of the Subscribers entered into a separate Subscription Agreement with the Company as issuer and Mr. Wong Cheung Lok as the Guarantor in respect of the Bonds Issue.

This announcement is made by the Company pursuant to (i) the Inside Information Provision under Part XIVA of the SFO and Rule 17.10 of the GEM Listing Rules; and (ii) Rule 17.20 of the GEM Listing Rules.

THE ARRANGER AGREEMENT

The Board announces that on 10 December 2015 (after trading hours), the Company and the Arranger entered into the Arranger Agreement pursuant to which the Company conditionally agrees to appoint the Arranger as the sole arranger of the Bonds Issue to procure investors, to subscribe for the Bonds for an aggregate principal amount of up to HK\$17 million at the issue price of 100% of the principal amount of the Bonds.

THE SUBSCRIPTION AGREEMENTS

The Board is pleased to announce that on 10 December 2015, each of the Subscribers, the Company, and the Guarantor entered into a separate Subscription Agreement, pursuant to which the Company has agreed to issue the fixed rate guaranteed Bonds of an aggregate principal amount of HK\$17 million due in 2016 and the Subscribers have agreed to purchase the Bonds from the Company.

Principal Terms of the Subscription Agreements and the Bonds

Bonds Issuer:	The Company
Aggregate Principal Amount:	HK\$17 million
Issue price:	100% of the principal amount
Guarantor:	Mr. Wong Cheung Lok, the chairman and controlling shareholder of the Company
Guarantee:	The Guarantor irrevocably and unconditionally: <ul style="list-style-type: none">(i) guarantees to each Bondholder the punctual performance by the Bonds Issuer of all its payment obligations under the bond documents; and(ii) undertakes with each Bondholder that, whenever the Bonds Issuer does not pay any amount when due to the Bondholder under any bond documents, he must immediately on demand by the Bondholder pay that amount as he was the principal obligor.

- Interest: The Bonds bear simple interest from and including the date of issue up to and including the Maturity Date, at the fixed rate of 15% per annum of the principal amount of the Bonds payable half-yearly in advance on (i) the date of issuance of Bonds and (ii) the date falling on six months immediately after the date of issuance of the Bonds
- Redemption: The Bonds Issuer shall redeem the Bonds on the Maturity Date at the Redemption Price
- No early redemption: Save for the following circumstances, the Bonds Issuer shall not redeem any of the Bonds prior to the Maturity Date:
- (i) upon the occurrence of an event of default, the Bonds Issuer shall, if so required by holder or holders of not less than 75% of the outstanding principal amount of the Bonds in writing, redeem the Bonds at the Redemption Price;
 - (ii) upon the Guarantor ceasing to be beneficially interested in less than 30% of the shareholding interest in the Bonds Issuer, the Bonds Issuer shall, if so required by the holder in writing, redeem the Bonds at the Redemption Price; or
 - (iii) the Bondholders may only require the Bonds Issuer, by giving not less than one month's notice to the Bonds Issuer, to redeem any of the Bonds prior to the Maturity Date if the Company issues any equity after the date of the Instrument. In such case, the proceeds incurred therefrom shall be applied to repay the Bonds, unless the Bondholders requires otherwise; provided, however, that the Bonds Issuer shall only redeem the Bonds at the Redemption Price without the payment of any early redemption penalty.
- Transferability: The Bonds are freely transferable (in whole or in part) by the Bondholder to any one or more persons subject to compliance with all applicable law. Each transfer of Bonds may be in respect of the whole or any part (in multiples of HK\$1,000,000) of the principal amount of the Bonds.

- Status of the Bonds: The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Bonds Issuer and shall rank all times pari passu and without any preference or priority among themselves. The payment obligations of the Bonds Issuer under the Bonds shall, except for such exceptions as may be provided by mandatory provisions of any applicable law or regulation, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Bonds Issuer.
- Voting: None of the Bonds carry any voting right at any general meeting of the Bonds Issuer.
- Listing: None of the Bonds will be listed on any stock exchange.
- Event of default Each of the following events shall be an event of default:
- (i) the Bonds Issuer and/or the Guarantor fails to pay any amount payable in respect of (including, without limitation, the principal of, or premium or interest on) any of the Bonds within five business days from the due date for any such payment;
 - (ii) the Bonds Issuer defaults in the performance or observance of, or compliance with, any of its material obligations under the Instrument or the Bonds, or any such default, if capable of remedy, is not remedied within 30 days after notice of such default has been given to the Bonds Issuer by Bondholders holding in aggregate not less than 75 per cent. of the principal amount of the outstanding Bonds;
 - (iii) (a) a distress, execution or other legal process is levied, enforced or sued upon or against;
 - (b) an encumbrance takes possession or a receiver, manager or other similar officer is appointed of, or an attachment order is issued in respect of;
 - (c) there is applied for, consented to or suffered the appointment of an administrator, liquidator or receiver over; or
 - (d) any encumbrance created by the Bonds Issuer or any of its subsidiaries becomes enforceable in respect of,

any material part of the business, properties or assets of the Bonds Issuer or any of its subsidiaries and is not discharged or stayed within 30 days (or such longer period as is reasonably appropriate in relation to the jurisdiction concerned) of having been so levied, enforced, sued upon, taken, appointed or issued or having become enforceable, unless and for so long as it is being contested in good faith and diligently;

(iv) the Bonds Issuer or any of its subsidiaries:–

(a) is unable to pay all or a material part of its debts as they mature, takes any proceedings under any law for a readjustment or deferment of its obligations or any part of them, or makes or enters into a general assignment, or an arrangement or composition, with or for the benefit of its creditors; or

(b) stops payment of all or a material part of its debts,

in each case, other than trade payables in the ordinary course of business;

(v) an order of a court of competent jurisdiction is made, or an effective resolution passed for, the windingup or dissolution or administration of the Bonds Issuer or any of its subsidiaries, or the Bonds Issuer or any of its subsidiaries ceases to carry on all or substantially all of its business;

(vi) proceedings have been initiated against the Bonds Issuer or any of its subsidiaries under any applicable bankruptcy, insolvency or reorganisation law and such proceedings are not discharged or stayed within a period of 30 days (or such longer period as is reasonably appropriate in relation to the jurisdiction concerned), unless and for so long as it is being contested in good faith and diligently; or

(vii) there is, or is agreed to be, any sale, transfer, assignment or disposal of all or substantially all of the assets of the Bonds Issuer or any of its subsidiaries.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Arranger and the Subscribers, and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

It is expected that the Bonds will be issued on or about 11 December 2015.

LISTING RULES IMPLICATIONS

As the terms of the Bonds imposes an obligation on the Guarantor who is the controlling shareholder of the Company so that if the Guarantor holds less than 30% of the shareholding interest in the Company, the Company can be required by the holders of the Bonds to redeem the Bonds, this falls within the ambit of Rule 17.20 of the GEM Listing Rules. In accordance with the requirements under Rule 17.23 of the GEM Listing Rules, the Company will make disclosures in subsequent half-year, quarterly and annual reports for so long as the circumstances giving rise to the obligation continue to exist.

REASONS FOR THE ISSUE OF THE BONDS 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.

The Directors consider that the Bonds Issue represents a good opportunity to raise additional funds for the Company. The Company shall apply the net proceeds of the Bonds of approximately HK\$15.1 million for or towards: (i) repayment of bank and other loans and (ii) general working capital.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Arranger”	Kingsway Financial Services Group Limited, a licensed corporation to carry out Type 1, Type 2, Type 4 and Type 9 regulated activities for the purpose of the SFO
“Arranger Agreement”	the arranger agreement dated 10 December 2015 and entered into between the Company and the Arranger in respect of the Bonds Issue
“Board”	the board of Directors
“Bondholder(s)”	the holders in whose name of the Bonds are registered in the Register, and “holder” in relation to the Bonds shall have the corresponding meaning
“Bonds”	the 15% coupon bonds due 2016 in an aggregate principal amount of up to HK\$17 million to be subscribed by the Subscribers
“Bonds Issue”	the issue of Bonds

“Company” or “Bonds Issuer”	Hong Wei (Asia) Holdings Company Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on GEM of the Stock Exchange
“Completion”	Completion of the subscription and issue of the Bonds upon the performance by the parties to the Subscription Agreements of their respective obligations thereunder
“connected persons”	having the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Wong Cheung Lok, the guarantor to the Company under the Subscription Agreements and the Instrument, and the chairman and a controlling shareholder of the Company
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and connected persons of the Company
“Instrument”	the instrument to be executed by the Company and the Guarantor by way of a deed poll constituting the Bonds
“Maturity Date”	the date falling on the first anniversary of the date of the issuance of the Bonds
“Redemption Price”	the principal amount of such Bond, without any premium, together with all interest accrued on it up to and including the date fixed for its redemption
“Register”	the register of the Company on which the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of Bonds shall be entered

“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	share of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Subscribers”	the three subscribers of the Bonds who are Independent Third Parties
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreements”	three subscription agreements all dated 10 December 2015 entered into by the Company and the Guarantor with the Subscribers, pursuant to which the Company has agreed to issue the fixed rate guaranteed Bonds of an aggregate principal amount of HK\$17 million due in 2016 and the Subscribers have agreed to purchase the Bonds from the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 10 December 2015

At the date of this announcement, the executive Directors are Mr. Wong Cheung Lok, Ms. Cheung Ngar Kwan, Ms. Huang Xiuyan and Mr. Liu Jiayong; the non-executive Directors are Mr. Ong Chor Wei and Mr. Lai Ming Wai; 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 GEM Listing Rules 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 GEM website (www.hkgem.com) for at least seven days from the day of its posting. This announcement will also be published on the Company’s website at www.hongweiasia.com.