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Wan Kei Group Holdings Limited

宏基集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1718)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



KINGSTON SECURITIES

THE PLACING

On 29 November 2016 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Company has conditionally agreed to allot and issue, and the Placing Agent has conditionally agreed to place on a best effort basis, a maximum of 160,000,000 Placing Shares to, as currently expected, not less than six Placers who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons at the Placing Price of HK\$0.86 per Placing Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 160,000,000 Placing Shares represents (i) 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The maximum aggregate nominal value of the Placing Shares will be HK\$1,600,000.

The Placing Price of HK\$0.86 per Placing Share represents (i) a discount of approximately 18.10% to the closing price of HK\$1.050 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.32% to the average closing price of HK\$1.066 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$137.6 million and the net proceeds will be approximately HK\$134.0 million (after deduction of commission and other expenses of the Placing). The Company intends to use the net proceeds from the Placing for the purposes as described in the paragraph headed “REASONS FOR THE PLACING AND USE OF PROCEEDS” in this announcement.

The Placing Shares will be issued pursuant to the General Mandate. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders. The Placing is conditional upon the grant by the Stock Exchange of the listing of, and permission to deal in, all of the Placing Shares.

Since completion of the Placing is subject to the fulfillment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

On 29 November 2016 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent.

Date

29 November 2016

Issuer

The Company

Placing Agent

Kingston Securities Limited

The Placing Agent has conditionally agreed to place a maximum of 160,000,000 Placing Shares, on a best effort basis, at the Placing Price of HK\$0.86 per Placing Share.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its associates are third parties independent of and are not connected with the Company and its connected persons.

Number of Placing Shares

As at the date of this announcement, the Company has 800,000,000 Shares in issue. Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 160,000,000 Placing Shares represents

- (i) 20.00% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The maximum aggregate nominal value of the Placing Shares will be HK\$1,600,000.

Placees

The Placing Agent agreed to place the Placing Shares to not less than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

It is not expected that any individual Placee will become a substantial shareholder of the Company immediately after the Placing. In the event any of the Placees becomes a substantial shareholder of the Company after completion of the Placing, further announcement will be made by the Company.

Ranking of the Placing Shares

The Placing Shares will rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of such allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.86 per Placing Share represents

- (i) a discount of approximately 18.10% to the closing price of HK\$1.050 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 19.32% to the average closing price of HK\$1.066 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the Placing and the terms of the Placing Agreement (including the Placing Price) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Mandate to issue the Placing Shares

The Placing Shares will be issued pursuant to the General Mandate under which the Company is authorised to allot and issue up to 160,000,000 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the approval for the listing of, and permission to deal in, the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant the approval for the listing of, and permission to deal in, the Placing Shares; and
- (b) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms thereof, including provisions regarding force majeure event.

Completion

Completion of the Placing, in any event, will take place within four Business Days after the fulfillment of the conditions above or such other date to be agreed between the Company and the Placing Agent in writing.

If the above conditions are not satisfied and/or waived (other than (a) above, which cannot be waived) in whole or in part by the Placing Agent prior to 5:00 p.m. on 13 December 2016 or such later date to be agreed in writing between the Company and the Placing Agent, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties thereunder will forthwith cease and determine and no party will have any claim against the other (save for any antecedent breaches thereof).

Termination and force majeure

The Placing Agent reserves its right to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 9:00 a.m. on the completion date of the Placing, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure event (as defined below):

For this purpose, a “force majeure event” refers to:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the completion date of the Placing:

- (a) the Company commits any material breach of or omits to observe any of the material obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of any announcement(s) relating to the Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate, if repeated, the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent thereunder shall cease and determine (save for confidentiality clause) and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Since completion of the Placing is subject to the fulfillment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in providing: (i) foundation works; and (ii) ground investigation field works, in Hong Kong.

In view of the slow down in the growth of the overall foundation industry in Hong Kong, as detailed in annual report of the Company published on 28 July 2016, the Company intends to expand its existing business scope to investment and financing services and money lending services, so as to broaden the income stream of the Group.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$137.6 million, and the net proceeds will be approximately HK\$134.0 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.838 per Placing Share.

The Company intends to use the net proceeds from the Placing for developing a business regarding investment and financing services and for setting up a subsidiary with money lending licence.

The Directors consider the Placing represents an opportunity for the Company to raise capital while broadening its Shareholder base as well as its capital base. Accordingly, the Directors are of the view that the Placing is in the interest of the Company and its Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

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

EFFECTS ON SHAREHOLDING STRUCTURE

The table below sets out the changes to the shareholding structure of the Company as a result of completion of the Placing under different scenarios (assuming the Placing Shares are placed in full and no other Shares have been issued between the date of this announcement and the completion of the Placing):

	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	Approximate % of shareholding	Number of Shares	Approximate % of shareholding
The Concert Parties (<i>Note 1</i>)	340,920,000	42.62	340,920,000	35.51
Public				
Placées under the Placing (<i>Note 2</i>)	–	–	160,000,000	16.67
Other public Shareholders	459,080,000	57.38	459,080,000	47.82
Total	<u>800,000,000</u>	<u>100.00</u>	<u>960,000,000</u>	<u>100.00</u>

Notes:

1. Pursuant to a concert party deed dated 3 December 2014, Samwood Global Limited, Suntecli Company Limited, Mr. Leung Man Lun Stephen, Mr. Lau Woon Si and Mr. Fong Hon Hung (the “**Concert Parties**”) are parties acting in concert (having the meaning as ascribed thereto in the Hong Kong Code on Takeovers and Mergers) and they in aggregate held 340,920,000 Shares, representing approximately 42.62% of the existing issued share capital of the Company as at the date of this announcement.
2. Assuming all the Placing Shares would be allotted and issued upon completion of the Placing.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday and Sunday) on which banks generally are open for business in Hong Kong
“Company”	Wan Kei Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 1718)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“General Mandate”	the general mandate refreshed and granted to the Directors by the Shareholders at the annual general meeting of the Company held on 6 September 2016 to allot, issue and deal with up to 20% of the number of issued Shares on the date of such annual general meeting
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 29 November 2016 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.86 per Placing Share
“Placing Share(s)”	a maximum of 160,000,000 new Share(s) to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan (Republic of China) for the purposes of this announcement

“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	the ordinary share(s) of HK\$0.01 in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Wan Kei Group Holdings Limited
Lau Woon Si
Chairman

Hong Kong, 29 November 2016

As at the date of this announcement, the executive Directors are Mr. Lau Woon Si, Mr. Lau Chi Hing, Mr. Fong Hon Hung, Mr. Leung Man Lun Stephen, Mr. Lau Chi Shing and Mr. Chan Chi Ming Tony; and the independent non-executive Directors are Mr. Ong Chi King, Mr. Ho Ho Ming and Mr. Law Yiu Sing.