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Fairson Holdings Limited

鈺皓控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8132)

PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Placing Agent



華泰金融控股(香港)有限公司

HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Huatai Financial Holdings (Hong Kong) Limited

THE PLACING AGREEMENT

On 20 December 2013 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the company has conditionally agreed to issue and the Placing Agent has conditionally agreed to procure the Placees to subscribe for the Convertible Bonds of up to an aggregate principal amount of HK\$155,000,000 on a best-effort basis during the Placing Period. The Convertible Bonds shall be offered to not less than six (6) Placees in principal amount of any multiple of HK\$100,000, provided that the minimum principal amount of each Convertible Bond shall not be less than HK\$1,500,000. The Placing can be completed in Tranches provided that each Tranche shall be of a principal amount of HK\$10 million or any multiple of HK\$100,000 above thereof and the Conditions Precedent are fulfilled.

Based on the initial conversion price of HK\$2.37 per Conversion Share, up to a maximum of 65,400,843 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 9% of the existing issued share capital of the Company and approximately 8.26% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

GENERAL MANDATE

Upon exercise in full of the conversion rights attaching to the Convertible Bonds, 65,400,843 Conversion Shares shall be allotted and issued under the General Mandate. The General Mandate entitles the Directors to allot, issue and deal with Shares not exceeding 20% of the issued capital of the Company as at the date of the annual general meeting of the Company held on 31 July 2013 approving the General Mandate. The maximum number of Shares allowed to be allotted and issued under the General Mandate was 132,000,000 Shares. As at the date of this announcement, 66,450,000 Shares have been utilised by the Company under the General Mandate. Accordingly, the Placing is not subject to the Shareholders' approval.

Shareholders and potential investors should note that Completion of the Placing is subject to fulfillment of the conditions as set out in the section headed "Conditions precedent" below. 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: 20 December 2013

Parties: (a) The Company

(b) Huatai Financial Holdings (Hong Kong) Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six Placees to subscribe for the Convertible Bonds of up to an aggregate principal amount of HK\$155,000,000 due on the 18th month from the date of issue, with the conversion rights to convert at the Conversion Price of HK2.37 (subject to adjustments) per Conversion Share. The Convertible Bonds shall be offered in principal amount of any multiple of HK\$100,000, provided that the minimum principal amount of each Convertible Bond shall not be less than HK\$1,500,000. The Placing can be completed in Tranches provided that each Tranche shall be of a principal amount of HK\$10 million or any multiple of HK\$100,000 above thereof and the conditions precedent are fulfilled.

Placees

The Placing Agent shall use all reasonable endeavours to ensure that the Placees and their ultimate beneficial owners shall be Independent Third Parties.

Placing Commission

The Placing Agent will receive a placing commission for the Placing of 1% of the principal amount of the Convertible Bonds being successfully placed. The placing commission for the Placing was determined after arm's length negotiations between the Company and the Placing Agent.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are summarized below:

Principal amount	:	Up to an aggregate principal amount of HK\$155,000,000
Principal amount of each Tranche	:	The principal amount of the Convertible Bonds placed in each Tranche shall be HK\$10,000,000 or any multiple of HK\$100,000 above thereof, provided that the Convertible Bonds shall be in principal amount of any multiple of HK\$100,000 and the minimum principal amount of each Convertible Bond shall not be less than HK\$1,500,000.
Maturity Date	:	The date falling on the 18th month from the date of issue
Interest	:	12.5% per annum and payable in 2 installments, with the first interest payment to be made on the date falling 12 months from date of issue and second interest payment to be made on the Maturity Date
Conversion Price	:	HK\$2.37 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds.

The Conversion Price of HK\$2.37 per Conversion Share represents:

- (i) a premium of approximately 50% over the closing price of HK\$1.58 per Share as quoted on the Stock Exchange on the date of signing of the Placing Agreement;
- (ii) a premium of approximately 52.9% over the average closing price of HK\$1.55 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of signing of the Placing Agreement;

- (iii) a premium of approximately 49.1% over the average closing price of HK\$1.59 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of signing of the Placing Agreement.

The Conversion Price was determined after arm's length negotiations between the Company and the Placing Agent, with reference to the recent performance of the Shares, the Group's existing financial position and current market conditions.

Adjustment events : The Conversion Price shall from time to time be subject to adjustment upon occurrence of certain events, including but not limited to the followings:

- (i) consolidation or subdivision of Shares;
- (ii) capitalization of profits or reserves;
- (iii) capital distribution;
- (iv) offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe for new Shares, at a price which is less than 90% of the market price per Share to Shareholders;
- (v) issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share receivable is less than 90% of the market price, or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration receivable is less than 90% of such market price; and
- (vi) issue of Shares being made wholly for cash or for acquisition of assets at a price less than 90% of the market price per Share.

Conversion Shares : Based on the initial Conversion Price of HK\$2.37, a maximum number of 65,400,843 Conversion Shares shall be allotted and issued upon exercise in full of the conversion rights attaching to the Convertible Bonds, which represent:

- (i) approximately 9% of the existing issued share capital of the Company; and
- (ii) approximately 8.26% of the issue share capital of the Company as enlarged by the issue of the Conversion Shares upon exercise in full of the conversion right attaching to the Convertible Bonds.

The Conversion Shares shall be allotted and issued pursuant to the General Mandate.

Conversion Period : The period commencing from the day immediately following 12 months after the date of issue of the Convertible Bonds and ending on the Maturity Date.

Conversion rights : Each holder of the Convertible Bonds shall have the right, exercisable during the Conversion Period by giving not less than 7 days' notice (the "**Conversion Notice**") to the Company, to convert the whole or any part (in multiples of HK\$1,000,000) of the outstanding principal amount of the Convertible Bonds held by such holder of the Convertible Bonds into such number of Conversion Shares as will be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the date of conversion.

No fraction of a Share shall be issued on conversion and in lieu thereof the Company shall pay a cash amount equal to such amount of the Convertible Bond that is not converted.

Automatic conversion : The holders of the Convertible Bonds shall be deemed to have exercised their rights to convert all outstanding Convertible Bonds and such Convertible Bonds will be automatically converted into Conversion Shares at the prevailing Conversion Price if, at any time during the Conversion Period, the average closing price per Share for the immediately preceding 10 consecutive trading days exceeds (but does not include) HK\$3.20, which is 35% more than the prevailing Conversion Price.

- Conversion restrictions : The Company shall not be required to issue any Conversion Shares, if, as a result of the relevant exercise of the conversion rights attached to the Convertible Bonds:
- (i) the holder of the Convertible Bonds and parties acting in concert with it will trigger a mandatory offer obligation under the Takeovers Code;
 - (ii) the holder of the Convertible Bonds and its associates shall become a substantial shareholder of the Company (as defined in the GEM Listing Rules); or
 - (iii) less than 25% or the minimum prescribed percentage as set out in the GEM Listing Rules of the Company's issued shares would be held by the public immediately after the relevant exercise of such conversion rights.

Redemption : *Redemption at request*

The Company may at any time before the maturity Date, by giving not less than 2 Business Days' notice to the holders of the Convertible Bonds, redeem all or part of the outstanding Convertible Bonds together with interest accrued up to the date fixed for redemption.

Redemption at maturity

Any principal amount of the Convertible Bonds which has not been redeemed or converted in accordance with the terms and conditions of the Convertible Bond instrument by the Maturity Date shall be (i) converted into the Conversion Shares on the Maturity Date or (ii) in the event that the conversion of the Convertible Bonds will trigger a mandatory offer obligation under the Takeovers Code, be redeemed by the Company on the Maturity Date at a redemption amount equal to 100% of the principal amount of the outstanding Convertible Bonds.

Ranking : Conversion Shares issued upon exercise of conversion rights attached to the Convertible Bonds shall rank *pari passu* in all respects with all other existing Shares outstanding at the date of the Conversion Notice and all Conversion Shares shall include rights to participate in all dividends and other distributions the record date of which falls on or after the date of the Conversion Notice.

- Transferability : The Convertible Bonds may be transferred to any person with the Company's consent provided that such transfer shall comply with the GEM Listing Rules and relevant laws and regulations.
- Application for listing : No application will be made by the Company to the Stock Exchange for listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

Conditions Precedent

Completion of each Tranche in the Placing shall be conditional upon:

- (a) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Conversion Shares which may be fall to be allotted and issued upon the exercise of the conversion right attaching to the Convertible Bonds;
- (b) each of the Company and the Placing Agent having obtained all necessary consents and approvals in respect of the Placing Agreement and the transactions contemplated thereunder; and
- (c) if necessary, all other necessary consents and approval for the issue of the Bonds having been obtained.

If any of the conditions precedent above is not fulfilled at or before 5:00 p.m. (Hong Kong time) on 27 February 2014 or such later time or date as may be agreed between the Placing Agent and the Company in writing, the Placing Agent may, at any time thereafter, terminate its obligations under the Placing Agreement by notice in writing to the Company, whereupon the obligations of the Placing Agent under the Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against any of the others, save for any antecedent breach thereof.

Completion of the Placing

The Placing can be completed in Tranches provided that, inter alia, (i) each Tranche shall be of a principal amount of HK\$10 million or any multiple of HK\$100,000 above thereof; (ii) the Conversion Bonds shall be in principal amounts of any multiple of \$100,000 and the minimum principal amount of each Convertible Bond shall not be less than HK\$1,500,000; (iii) the Completion of each and every tranche in the Placing shall take place on or before the Completion Date; and (iv) the Condition Precedent are fulfilled.

Subject to termination of the Placing Agreement, Completion of each Tranche in the Placing shall take place on the Completion Date of the Tranche concerned or on the Overall Completion Date (whichever shall be appropriate) (unless otherwise agreed between the Placing Agent and the Company in writing) provided that the conditions precedent have been fulfilled on the second Business Day immediately before the Completion Date of the Tranche concerned or on the second Business Day immediately before the Overall Completion Date (whichever shall be appropriate) (or such later date as may be agreed between the Company and the Placing Agent in writing).

USE OF PROCEEDS

Subject to the outcome of the Placing, the maximum gross and net proceeds (after deducting related expenses) from the Placing are estimated to be HK\$155,000,000 and approximately HK\$153,450,000, respectively.

The Company intends to use the funds raised from the Placing to finance the formation of a joint venture company in the PRC, which will be established to engage in the business of conversion of traditional diesel utilization to liquefied natural gas utilization by vessels in the water transportation industry, as set out in the announcement of the Company dated 16 September 2013.

REASONS FOR THE PLACING

The Group is principally engaged in the (i) manufacturing and sale of power and data cords for mobile handsets and medical control devices; (ii) manufacturing and sale of power cords and inlet sockets for household electric appliances; and (iii) development of digital applications, including but not limited to handheld electronic game consoles, mobile game applications and digital marketing solutions.

The Directors are of the view that the Placing represents a good opportunity to raise additional funds for the Company. The Placing will provide immediate funding without immediate dilution of the shareholding of the existing Shareholders, and, on exercise of the conversion rights attaching to the Convertible Bonds, benefit the long-term development of the Company by broadening the capital base of the Company.

As such, the Directors are of the view that the terms of the Placing Agreement, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECT OF THE PLACING ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table shows the shareholding structure of the Company (i) as at the date of this announcement and (ii) upon full conversion of the Convertible Bonds.

Shareholder	As at the date of this announcement		Assuming completion of the Placing and full conversion of the Convertible Bonds with principal amount of HK\$155,000,000, and no further changes in the share capital of the Company from the date of this announcement to the date of full conversion	
	Number of Shares	%	Number of Shares	%
	Fairson Holdings (BVI) Limited (<i>Note</i>)	354,500,000	48.80	354,500,000
Placees		–	65,400,843	8.26
Other Shareholders	371,950,000	51.20	371,950,000	46.97
Total	<u>726,450,000</u>	<u>100.00</u>	<u>791,850,843</u>	<u>100.00</u>

Note:

Fairson Holdings (BVI) Limited is wholly-owned by Race Champion Holdings Limited. The entire issued share capital of Race Champion Holdings Limited is wholly-owned by Mr. Yeung Tin Hung, the Chairman and executive Director.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

Save for the proposed placing of 66,000,000 Shares and 66,000,000 warrants as set out in the announcements of the company dated 2 August 2013 and 5 September 2013, respectively, both of which were subsequently lapsed and save as disclosed below, the Company has not undertaken any equity fund raising activities in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds received	Intended use of proceeds	Actual use of proceeds
26 April 2013	Placing of Shares	Approximately HK\$13.2 million	General working capital of the Group for any possible acquisitions when opportunities arise	Used as intended
3 October 2013	Placing of Shares	Approximately HK\$17.41 million	General working capital of the Group for any possible acquisitions when opportunities arise	To be used to finance the formation of a joint venture company in the PRC as set out in the announcement of the Company dated 16 September 2013

GENERAL MANDATE

Upon exercise in full of the conversion rights attaching to the Convertible Bonds, 65,400,843 Conversion Shares shall be allotted and issued under the General Mandate. The General Mandate entitles the Directors to allot, issue and deal with Shares not exceeding 20% of the issued capital of the Company as at the date of the annual general meeting of the Company held on 31 July 2013 approving the General Mandate. The maximum number of Shares allowed to be allotted and issued under the General Mandate was 132,000,000 Shares. As at the date of this announcement, 66,450,000 Shares have been utilised by the Company under the General Mandate. Accordingly, the Placing is not subject to the Shareholders' approval.

Shareholders and potential investors should note that Completion of the Placing is subject to fulfillment of the conditions as set out in the section headed "Conditions precedent" above. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

- “associate(s)” has the meaning ascribed to it under the GEM Listing Rules;
- “Board” the board of directors of the Company;
- “Business Day(s)” means a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours;
- “Company” Fairson Holdings Limited (鈺皓控股有限公司), a company incorporated in the Cayman Islands whose shares are listed on the GEM;
- “Completion” the completion of each Tranche in the Placing in accordance with the terms and conditions of the Placing Agreement;
- “Completion Date” the day falling on the second Business Day after fulfilment of all conditions precedent or such other date as agreed in writing by the Company and the Placing Agent in respect of each Tranche of Placing as stipulated under the Placing Agreement;
- “connected person(s)” has the meaning ascribed to it under the GEM Listing Rules;
- “Convertible Bonds” the convertible bonds in the aggregate principal amount of up to HK\$155,000,000 to be issued by the Company convertible up to a maximum of 65,400,843 Conversion Shares at the Conversion Price;

“Conversion Period”	the period commencing from the day immediately following 12th months after the date of issue of the Convertible Bonds and ending on the Maturity Date;
“Conversion Price”	HK\$2.37, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds;
“Conversion Shares”	a maximum of 65,400,843 new Shares to be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bonds;
“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 the GEM;
“General Mandate”	the general mandate granted to the Directors by the independent Shareholders at the annual general meeting of the Company held on 31 July 2013 to allot, issue and deal with up to 132,000,000 new Shares, being 20% of the then issued share capital of the Company as at the date of the said annual general meeting;
“Group”	the Company and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“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 independent of, not connected with and not acting in concert (as defined in the Takeovers Code) with (i) any of the Placees and (ii) the Company or any director, chief executive, substantial shareholder (as defined in the Listing Rules) or connected persons of the Company or any of their respective subsidiaries or any of their respective associates;
“Listing Committee”	the GEM listing committee of the Stock Exchange for consideration applications for listing and the granting of listing;
“Maturity Date”	the date falling on the 18th month from the date of issue of the Convertible Bonds;

“Overall Completion Date”	any Business Day in the period commencing from the first day of the Placing Period and ending on the seventh Business Day of the expiration of the Placing Period, or such later date as the Placing Agent and the Company shall agree in writing;
“Placees”	any person or entity to whom the Placing Agent or its agents shall procure or, as the case may be, shall have procured to subscribe for the Convertible Bonds pursuant to the Placing Agent’s obligations under the Placing Agreement;
“Placing”	the proposed placing of the Convertible Bonds in Tranches by or on behalf of the Placing Agent to the Placees pursuant to the Placing Agreement;
“Placing Agent”	Huatai Financial Holdings (Hong Kong) Limited;
“Placing Agreement”	the placing agreement dated 20 December 2013 and entered into among the Company and the Placing Agent in respect of the Placing;
“Placing Period”	the period commencing upon the execution of the Placing agreement and ending on 20 February 2014, unless terminated earlier pursuant to the terms of the Placing Agreement;
“PRC”	The People’s Republic of China;
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules;
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases issued by the Securities and Futures Commission of Hong Kong;

“Tranche”	each tranche in the Placing, and the principal amount of Convertible Bonds placed in each Tranche shall be HK\$10,000,000 or any multiple of HK\$100,000 above thereof;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“%”	per cent.

By order of the Board
Fairson Holdings Limited
Yeung Tin Hung
Chairman

Hong Kong, 20 December 2013

As at the date of this announcement, the executive Directors are Mr. Yeung Tin Hung, Mr. Yeung Shing Wai and Mr. Ho Chun Kit Gregory and the independent non-executive Directors are Ms. Eugenia Yang, Mr. Chan Lung Ming, Mr. Ng Ka Chung and Mr. Lau Sung Tat, Vincent.

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 enquiries, 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 at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the websites of the Company at <http://www.sunfairw.com.hk> and <http://www.irasia.com/listco/hk/fairson>.