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Fairson Holdings Limited

鉦皓控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8132)

PLACING OF WARRANTS UNDER GENERAL MANDATE

PLACING AGENT



KGI Asia Limited

THE PLACING AGREEMENT

On 5 September 2013 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in connection with the Placing, pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, up to 66,000,000 Warrants to not less than six independent Places at the Issue Price of HK\$0.01 per Warrant. The Subscription Price is HK\$1.50 (subject to adjustments) per Subscription Share.

The maximum gross proceeds from the Placing will be approximately HK\$660,000. The maximum net proceeds from the Placing, after deduction of related expenses, are estimated to be approximately HK\$430,000, representing a net issue price of approximately HK\$0.0065 per Warrant.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected an additional amount of approximately HK\$99 million will be raised and the total net proceeds will be approximately HK\$99,000,000, representing a net subscription price of HK\$1.5 per Warrant.

Since completion of the Placing is subject to certain conditions to be fulfilled, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE PLACING

Date: 5 September 2013 (after trading hours)

Parties: (i) The Company, as the issuer; and
(ii) KGI Asia Limited, as the Placing Agent

On 5 September 2013 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in connection with the Placing, pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, up to 66,000,000 Warrants to not less than six independent Placees at the Issue Price of HK\$0.01 per Warrant. The Subscription Price is HK\$1.50 (subject to adjustments) per Subscription Share.

Placing Agent

The Placing Agent has conditionally agreed to place up to 66,000,000 Warrants at the Issue Price of HK\$0.01 per Warrant on a best effort basis during the Placing Period. The Placing Agent will receive a placing commission in the amount of HK\$130,000, which is arrived at after arm's length negotiations between the parties to the Placing Agreement. The Directors are of the view that the fee payable under the Placing Agreement is fair and reasonable based on the current market conditions 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 enquiries, the Placing Agent and its respective ultimate beneficial owners are third parties independent of the Group and its Connected Persons.

Placees

Each and every Placee shall be an individual, institutional or other professional investor who is an Independent Third Party and subject further to any objection the Stock Exchange may have to any particular person or company being a Placee.

The Placing Agent shall use its reasonable endeavours to ensure that the Placees and their ultimate beneficial owners are not Connected Persons of the Company and are third parties independent of, and not connected with, the directors, chief executive(s) or substantial shareholder(s) of the Company, any of its subsidiaries, or their respective associates (as defined in the GEM Listing Rules).

Immediately upon the exercise of the subscription rights attaching to the Warrants, it is expected that none of the Placees will become a substantial shareholder (as defined in the GEM Listing Rules) of the Company.

Conditions Precedent

Completion of the Placing shall be subject to the GEM Listing Committee having granted (either unconditionally or subject only to conditions to which the Company does not reasonably object) approval for the listing and permission to deal in the Subscription Shares.

The condition precedent above cannot be waived by any party to the Placing Agreement. If the above condition is not fulfilled on or before 21 October 2013 (or such other date as parties to the Placing Agreement may agree in writing), the Placing Agreement should lapse and become null and void and the parties to the Placing Agreement shall be released from all obligations in the Placing Agreement, save for any liability arising out of any antecedent breaches thereof.

Completion of the Placing

Completion shall take place on the third Business Day after the date of fulfillment of the above condition (or such other date as the parties to the Placing Agreement may agree in writing).

PRINCIPAL TERMS OF THE WARRANTS

Issuer:	The Company
Number of Warrants:	Up to 66,000,000 Warrants
Issue Price:	HK\$0.01 per Warrant
Warrant Conversion Ratio:	Each Warrant shall entitle the holder of Warrants to subscribe for one Subscription Share at the Subscription Price.
Number of Subscription Shares to be issued upon full exercise of the Warrants:	Assuming there is no further issue or repurchase of the Shares and any adjustment to the Subscription Price will not alter the number of Subscription Shares, upon the full exercise of the subscription rights attaching to the Warrants, a maximum of 66,000,000 Subscription Shares (with an aggregate nominal value of HK\$66,000 of the Subscription Shares), will be issued and allotted, representing approximately (i) 10% of the existing issued share capital of the Company as at the date of this announcement and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares.

Subscription Period: The period of 3 years commencing from the date of issue of the Warrants.

Subscription Price: HK\$1.50 (subject to adjustments) per Subscription Share. The Subscription Price represents:

- (i) a discount of approximately 19.35% to the closing price of HK\$1.86 per Share as quoted on the Stock Exchange on 5 September 2013, being the last trading day of the Shares immediately prior to the release of this announcement; and
- (ii) a discount of approximately 18.74% to the average closing price of HK\$1.846 per Share as quoted on the Stock Exchange for the last 5 trading days immediately prior to 5 September 2013.

Aggregate of Issue Price and Subscription Price: The aggregate of the Issue Price and the Subscription Price represents:

- (i) a discount of approximately 18.82% to the closing price of HK\$1.86 per Share as quoted on the Stock Exchange on 5 September 2013, being the last trading day of the Shares immediately prior to the release of this announcement; and
- (ii) a discount of approximately 18.20% to the average closing price of HK\$1.846 per Share as quoted on the Stock Exchange for the last 5 trading days immediately prior to 5 September 2013.

The Subscription Price together 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.

Adjustments to the Subscription Price: Pursuant to the Warrant Instrument, the Subscription Price shall from time to time be adjusted upon the occurrence of the events below:

- (i) consolidation or subdivision;
- (ii) capitalisation of profits or reserves;
- (iii) capital distribution;

- (iv) issue of new Shares or other securities by way of rights;
- (v) issue of securities convertible into Shares;
- (vi) modification of rights of conversion or exchange attached to any securities convertible into Shares;
- (vii) issue of Shares for cash at a price which is less than 75% of the then market price of the Shares;
- (viii) the purchase of Shares or securities convertible into Shares by the Company.

The maximum number of the Subscription Shares that may fall to be allotted and issued upon exercise of the Warrants will not exceed 66,000,000 Subscription Shares upon the occurrence of the above events (ii) – (viii) save and except for the adjustment to be made due to subdivision in event (i) above. Upon a subdivision of Shares, the Subscription Price will be adjusted by multiplying it by the nominal amount of 1 Share immediately after such consolidation/subdivision and dividing the result by the nominal amount of 1 Share immediately before such consolidation/subdivision.

Further, no adjustment to the Subscription Price will be made if the Subscription Price falls below the nominal value of a Share.

Minimum Subscription: Any subscription for the Subscription Shares must be in integral multiples of 1,000,000 Warrants (or the whole but not part of the outstanding Warrants if the number of outstanding Warrants is less than 1,000,000 Warrants).

Transferability: The Warrants shall be transferable in integral multiples of 1,000,000 Warrants (or the whole but not part of the outstanding Warrants if the number of outstanding Warrants is less than 1,000,000 Warrants) and the Warrants may only be transferred to Independent Third Parties.

Ranking: The Subscription Shares, when fully paid and allotted, shall rank pari passu in all respects with the Shares then in issue on the date of allotment and issue of the relevant Subscription Shares and among themselves.

Call: If at any time the aggregate of Warrants which have not been exercised carry rights to subscribe for Shares which is equal to or less than 10 per cent. of the total number of Warrants issued, the Company may, on giving not less than one months' notice, require Warrantholders either to exercise their subscription rights or to allow them to lapse. On expiry of such notice, all unexercised Warrant(s) will be automatically cancelled without compensation to the Warrantholders.

Voting: The Warrantholders will not be entitled to attend or vote at any general meetings of the Company by reason only of it being a Warrantholder.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued under the General Mandate pursuant to which the Directors are authorised to issue up to 132,000,000 Shares. The Company has announced on 2 August 2013 that it has entered into a placing agreement with Huatai pursuant to which Huatai has conditionally agreed to place, on behalf of the Company, a maximum of 66,000,000 Shares, on a best effort basis, and which Shares will be issued and allotted under the General Mandate. As at the date of this announcement, the Shares Placing is not yet completed and up to the date of this announcement, the General Mandate had not been utilized.

The Placing and the issue of the Warrants and the Subscription Shares under the General Mandate are not subject to Shareholders' approval.

APPLICATION FOR LISTING

The Company will apply to the GEM Listing Committee for the listing of, and permission to deal in, the Subscription Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No application will be made to the Stock Exchange for the listing of the Warrants.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no further issue or repurchase of Shares from the date of this announcement, the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the full exercise of the subscription rights attaching to the Warrants but before completion of the Shares Placing; and (iii) immediately after the full exercise of the subscription rights attaching to the Warrants and completion of the Shares Placing (assuming 66,000,000 Shares are fully placed under the Shares Placing) are as follows:

Shareholder	As at the date of this announcement		Immediately after the full exercise of the subscription rights attaching to the Warrants but before completion of the Shares Placing		Immediately after the full exercise of the subscription rights attaching to the Warrants and completion of the Shares Placing in full	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Fairson Holdings (BVI) Limited						
<i>(Note)</i>	385,000,000	58.33	385,000,000	53.03	385,000,000	48.61
Placees	–	–	66,000,000	9.09	66,000,000	8.33
Shares Placing placees	–	–	–	–	66,000,000	8.33
Other Shareholders	275,000,000	41.67	275,000,000	37.88	275,000,000	34.72
Total	<u>660,000,000</u>	<u>100.00</u>	<u>726,000,000</u>	<u>100.00</u>	<u>792,000,000</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.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Method of fund raising	Net proceeds received	Intended use of proceeds	Actual use of proceeds	Intended use of any amount not yet utilized
26 April 2013	Placing of 110,000,000 Shares	Approximately HK\$13.2 million	General working capital and/or for financing future investment opportunities of the Group	Used as intended	To be applied as general working capital and/or for financing future investment opportunities of the Group
30 May 2013	Placing of promissory notes – Principal amount of HK\$50 million	Approximately HK\$27.5 million	General working capital and/or financing future investment opportunities of the Group	Proceeds not yet utilized as completion took place on 30 August 2013	General working capital and/or financing future investment opportunities of the Group
2 August 2013	Placing of 66,000,000 Shares	Approximately HK\$88.86 million	General working capital and/or financing future investment opportunities of the Group	Not yet completed	Not yet completed

Save for the above, the Company had not conducted any equity fund raising activities in the 12 months prior to the date of this announcement.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is engaged in the manufacturing and sales of power and data cords. The Group's products may be divided into two principal categories, namely (i) power and data cords for mobile handsets and medical control devices; and (ii) power cords and inlet sockets for household electric appliances.

The maximum gross proceeds from the Placing will be approximately HK\$660,000. The maximum net proceeds from the Placing, after deduction of related expenses, are estimated to be approximately HK\$430,000, representing a net issue price of approximately HK\$0.0065 per Warrant. Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected that an additional amount of approximately HK\$99 million will be raised and the total net proceeds will be approximately HK\$99,000,000, representing a net subscription price of approximately HK\$1.5 per Warrant. The aggregate net proceeds from the Placing and the exercise of the subscription rights attaching to the Warrants are intended to be used as general working capital of the Group and/or for financing future investment opportunities.

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 subscription rights attaching to the Warrants, benefit the long-term development of the Group by strengthening its financial conditions and broadening the shareholders base of the Company.

In view of the above, the Directors consider that the terms of the Placing are on normal commercial terms, fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Since completion of the Placing is subject to certain conditions to be fulfilled, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	means a day (other than a Saturday, Sunday and a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“Company”	Fairson Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“Connected Person(s)”:	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the GEM Listing Committee of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors to allot, issue and/or deal with 132,000,000 new Shares, representing 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the relevant resolution at the annual general meeting on 31 July 2013

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huatai”	Huatai Financial Holdings (Hong Kong) Limited
“Independent Third Party”	a party who is not a Connected Person of the Company and is independent of any Connected Person of the Company
“Issue Price”	the issue price of the Warrants, which shall be HK\$0.01 per Warrant
“Placee(s)”	any individual, institutional or other professional investor(s) who is an Independent Third Party procured by the Placing Agent to subscribe for any of the Warrants pursuant to the Placing Agreement
“Placing”	the placing of the Warrants by the Company pursuant to the terms of the Placing Agreement
“Placing Agent”	KGI Asia Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 5 September 2013 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at 5:00 p.m. on 7 October 2013 (or such other time or date as the parties to the Placing Agreement agree in writing)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shares Placing”	the conditional placing on a best effort basis of up to 66,000,000 Shares by Huatai pursuant to the placing agreement entered into between the Company and Huatai dated 2 August 2013, details of which are set out in the announcement of the Company dated 2 August 2013
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	initial subscription price of HK\$1.5 per Subscription Share but subject to adjustments as set out in the Warrant Instrument
“Subscription Share(s)”	the Share(s) which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants
“Warrant(s)”	up to 66,000,000 non-listed warrants to be issued by the Company pursuant to the Placing Agreement and the terms and conditions to 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
“Warrantholder(s)”	holder(s) of the Warrants
“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, 5 September 2013

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Yeung Tin Hung, Mr. Yeung Shing Wai and Mr. Ho Chun Kit Gregory; one non-executive Director, namely Mr. Wong Chi Yung and five independent non-executive Directors namely, Mr. Li Hin Lung, Mr. Chua Hoon Chong, Ms. Eugenia Yang, Mr. Chan Lung Ming and Mr. Ng Ka Chung.

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>.