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**GENVON** GROUP LIMITED

正峰集團有限公司

**GENVON GROUP LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2389)**

**SUBSCRIPTION OF NEW SHARES  
UNDER GENERAL MANDATE AND  
UNUSUAL PRICE AND VOLUME MOVEMENTS**

**THE SUBSCRIPTION AGREEMENT**

On 17 January 2014 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, up to 800,000,000 Shares at the Subscription Price of HK\$0.325 per Subscription Share in up to two tranches.

The Subscription Price of HK\$0.325 per Subscription Share represents: (i) the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on 17 January 2014, being the closing price on the date of the Subscription Agreement; (ii) a premium of approximately 28.97% over the average of the closing prices of HK\$0.252 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement; and (iii) a premium of 225% over the par value of the Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares as well as future development prospect of the Company's business. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Subscription Shares represent approximately 18.91% of the existing issued share capital of the Company and approximately 15.90% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The net proceeds of the Subscription of approximately HK\$256,000,000 will be used as the general working capital of the Group.

### **UNUSUAL PRICE AND VOLUME MOVEMENTS**

The Board has noted the increase in the price and trading volume of the Shares today. The Board confirms that, save as disclosed herein, it is not aware of any reasons for these price and volume movements or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance.

### **THE SUBSCRIPTION AGREEMENT**

Date: 17 January 2014 (after trading hours)

Parties: (i) the Company; and  
(ii) the Subscriber

The Subscriber is a company incorporated in Hong Kong. The Subscriber is principally engaged in investment in military and network technology companies.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Parties.

### **Number of Subscription Shares**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for a total of up to 800,000,000 Subscription Shares at the Subscription Price of HK\$0.325 per Subscription Share, provided that the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares of the Company in compliance with the Listing Rules (the "**Public Float Requirement**") upon completion of the Subscription. The Subscriber will only subscribe Subscription Shares to the extent that will not upset the public float of Shares on the Stock Exchange.

The 800,000,000 Subscription Shares represent approximately 18.91% of the existing issued share capital of the Company and approximately 15.90% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares as at the date of this announcement. The aggregate nominal value of the Subscription Shares is HK\$80,000,000.

The Subscriber is entitled to subscribe for all the Subscription Shares in one tranche or up to two tranches of 400,000,000 Subscription Shares (subject to the compliance with the Public Float Requirement) each within the Subscription Period by serving a written notice to the Company. If the Company has not received the written notice before the last day of the Subscription Period, the Company would be deemed to have received the written notice on the last day of the Subscription Period for the entire unsubscribed amount of the Subscription Shares (subject to the compliance with the Public Float Requirement).

### **Subscription Price**

The Subscription Price of HK\$0.325 per Subscription Share represents:

- (i) the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on 17 January 2014, being the closing price on the date of the Subscription Agreement;
- (ii) a premium of 28.97% over the average of the closing prices of HK\$0.252 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement; and
- (iii) a premium of 225% over the par value of the Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to prevailing market price of the Shares as well as future development prospect of the Company's business. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Conditions of each tranche of the Subscription**

Completion of the subscription of each tranche of the Subscription Shares is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares; and
- (b) the obtaining of the necessary approvals from the relevant regulatory authority(ies) in relation to the Subscription and the allotment and issue of the Subscription Shares.

The above conditions are incapable of being waived. In the event that the conditions of each tranche of the Subscription is not fulfilled on or before 5:00 p.m. on 31 July 2014, or such other date and time as may be agreed between the parties to the Subscription Agreement, the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any obligations and liabilities under the Subscription Agreement.

### **Completion of the each tranche of the Subscription**

Subject to the fulfillment of the above conditions, completion of each tranche of the Subscription shall take place on the fifth Business Day after fulfilment of all the above conditions precedent.

### **Ranking of the Subscription Shares**

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

### **Mandate to issue the Subscription Shares**

The issue of the Subscription Shares is not subject to Shareholders' approval.

The Subscription Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 846,267,500 Shares. As at the date of this announcement, the General Mandate has not been utilised. The General Mandate is sufficient for the allotment and issue of the Subscription Shares. The 800,000,000 Subscription Shares constitute approximately 94.53% of the General Mandate.

### **Application for listing**

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

## FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

The following table summarises the capital raising activity of the Group for the 12 months immediately before the date of this announcement:

<b>Date of initial announcement</b>	<b>Event</b>	<b>Net proceeds (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
21 January 2013	Subscription of non-listed warrants	(i) HK\$290,000 with respect to the issue of the warrants; and  (ii) HK\$88,000,000 with respect to the exercise of the warrants	(i) To be used as general working capital of the Group; and  (ii) To be used as general working capital and funds for future development of the Group	(i) Used as intended; and  (ii) warrants not yet exercised and proceeds yet to be received

Save as disclosed in the above, there has not been other fund raising exercised conducted by the Company in the past 12 months immediately before the date of this announcement.

## REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in property development and investment and manufacturing and trading of power tools.

The Board considers that the Subscription represents an opportunity to raise additional funds for the Company while broadening the Shareholder and capital base of the Company. The net proceeds from the Subscription, after the deduction of the related expenses, are estimated to be approximately HK\$256,000,000. The net proceeds will be applied by the Group as general working capital. The net Subscription Price will be about HK\$0.32 per Share.

The Directors consider that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and immediately after completion of the Subscription are as follows:

	Shareholding in the Company before the Subscription		Shareholding in the Company after the Subscription (Note 1)	
	Shares	%	Shares	%
Ms Shen Ling Zhao (Note 2)	70,148,000	1.66	70,148,000	1.39
Grand Vision Group Limited (Note 3)	2,268,403,000	53.61	2,268,403,000	45.09
Hillfame Holdings Limited (Note 4)	795,718,000	18.81	795,718,000	15.82
Lucky Creation Limited (The Subscriber)	–	–	800,000,000	15.90
Public Shareholders	<u>1,097,068,500</u>	<u>25.92</u>	<u>1,097,068,500</u>	<u>21.80</u>
Total	<u>4,231,337,500</u>	<u>100.00</u>	<u>5,031,337,500</u>	<u>100.00</u>

### Notes

1. The numbers are for illustration purpose only. Pursuant to the Subscription Agreement, the Subscriber will only subscribe Subscription Shares to the extent that will not upset the public float of Shares on the Stock Exchange.
2. Ms Shen Ling Zhao is the spouse of Mr Wang Zhen Chun, the chairman of the Board and an executive Director.
3. Grand Vision Group Limited is a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr Wang Zhen Chun, the chairman of the Board and an executive Director.
4. Hillfame Holdings Limited is a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr Wang Zhen Chun, the chairman of the Board and an executive Director.

## UNUSUAL PRICE AND VOLUME MOVEMENTS

The Board has noted the increase in the price and trading volume of the Shares today. The Board confirms that, save as disclosed herein, it is not aware of any reasons for these price and volume movements or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance.

## DEFINITIONS

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

“associates”	has the meaning ascribed thereunder the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong)
“Company”	Genvon Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“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 24 May 2013, pursuant to which a maximum of 846,267,500 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)”	independent third party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Lucky Creation Limited, a company incorporated in Hong Kong with limited liability
“Subscription”	the subscription of up to 800,000,000 Subscription Shares in up to two tranches pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 17 January 2014 and entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Period”	six months from the date on which the conditions of the Subscription Agreement
“Subscription Price”	HK\$0.325 per Subscription Share
“Subscription Shares”	up to 800,000,000 Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Genvon Group Limited**  
**Wang Zheng Chun**  
*Chairman*

Hong Kong, 17 January 2014

*As at the date of this announcement, the Board comprises five Executive Directors, namely Mr. Wang Zheng Chun, Mr. Zheng Wei Chong, Mr. Xu Wen Cong, Mr. Cheung Man and Mr. Liu Hoi Keung, and three Independent Non-Executive Directors, namely Mr. Ang Siu Lun, Lawrence, Mr. Ma Kwai Yuen and Mr. Ho Hao Veng.*