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BILLION INDUSTRIAL HOLDINGS LIMITED
百宏實業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2299)

ANNOUNCEMENT

DISPOSAL OF SHARES BY CONTROLLING SHAREHOLDERS

DISPOSAL OF SHARES BY CONTROLLING SHAREHOLDERS

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board was notified by the Vendors, namely, Kingom Power and Winwett Investments, the controlling shareholders of the Company, that on 14 July 2012, they and the Guarantors entered into the Sale and Purchase Agreement with the Investor, pursuant to which, the Vendors have agreed to sell, and the Investor has agreed to purchase the Sale Shares, being 666,710,000 Shares, representing 29.0% of the issued share capital of the Company as at the date of the Sale and Purchase Agreement, for a cash consideration of HK\$4.39 per Sale Share. The consideration of HK\$4.39 per Sale Share represents a premium of approximately 4.28% over the closing price of HK\$4.21 per Share on 13 July 2012, being the Last Trading Date.

Kingom Power is 100% beneficially owned by Mr. Sze, a co-founder of the Group, an executive Director and the chairman of the Board, and Winwett Investments is 100% beneficially owned by Mr. Wu, a co-founder of the Group and an executive Director. The Investor is wholly owned by CECEP Chongqing, which is a non-wholly-owned subsidiary of CECEP, a state-owned enterprise under the supervision of State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, immediately before the Completion, the Investor and its shareholders were third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Immediately upon Completion, Kingom Power and Winwett Investments will hold 643,720,000 Shares and 413,820,000 Shares, respectively, representing 28.0% and 18.0% of the total number of Shares in issue as at the date of the Sale and Purchase Agreement, and will cease to be controlling shareholders (as defined under the Listing Rules) of the Company, while the Investor, will hold a total of 666,710,000 Shares, representing 29.0% of the total number of Shares in issue as at the date of the Sale and Purchase Agreement and will become the largest shareholder of the Company upon Completion.

As completion of the Sale and Purchase Agreement is subject to the satisfaction of the various conditions precedent and conditions subsequent set out therein, the sale of the Sales Shares may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

Further announcement will be issued by the Company upon Completion or in the event that the Disposal does not proceed.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board was notified by the Vendors, namely, Kingom Power and Winwett Investments that on 14 July 2012, they and the Guarantors entered into the Sales and Purchase Agreement with the Investor, pursuant to which the Vendors have agreed to sell and the Investor has agreed to purchase the Sale Shares, being 666,710,000 Shares, representing 29.0% of the issued share capital of the Company as at the date of the Sale and Purchase Agreement.

Details of the Sale and Purchase Agreement are set out below.

Sale and Purchase Agreement

- Date: 14 July 2012
- Parties:
- (1) the Vendors;
 - (2) the Guarantors; and
 - (3) The Investor
- Sale Shares:
- (1) the Investor agreed to purchase and Kingom Power agreed to sell 218,405,000 of the Sale Shares, representing 9.5% of the Shares in issue as at the date of the Sale and Purchase Agreement; and
 - (2) the Investor agreed to purchase and Winwett Investments agreed to sell 448,305,000 of the Sale Shares, representing 19.5% of the issued Shares as at the date of the Sale and Purchase Agreement.
- Purchase price per Sale Share: HK\$4.39, representing a premium of approximately 4.28% over the closing price of HK\$4.21 per Share on 13 July 2012, being the Last Trading Date. The purchase price was determined based on arms' length negotiations between the Vendors and the Investor.
- Conditions precedent: Completion is conditional upon, among other things, the following conditions precedent having been fulfilled on or before 30 November 2012 or such other date as the Investor and the Vendors may agree in writing:
- (1) obtaining confirmation from the Securities and Futures Commission that no general offer obligation will arise on the Investor as a result of the acquisition of the Sale Shares pursuant to the Takeovers Codes;

- (2) obtaining approval from the relevant PRC government authorities by the Investor with respect to its acquisition of the Sale Shares, and obtaining necessary consents and approvals from relevant banks or lending institutions by the Vendors with respect to the Disposal (if needed);
- (3) there has been no suspension of trading of the Shares on the Stock Exchange for more than 20 consecutive business days from the date of the Sale and Purchase Agreement to the date of Completion;
- (4) there has been no material breach of warranties set out in the Sale and Purchase Agreement from the date of the Sale and Purchase Agreement to the date of Completion; and
- (5) there has been no material adverse change to the Group from the date of the Sale and Purchase Agreement to the date of Completion.

Completion shall take place within five business days after the conditions precedent to the Sale and Purchase Agreement have been fulfilled (or such other date as the Vendors and the Investor may agree).

Conditions subsequent: The Vendors shall procure the Company to amend the Articles to the effects including but not limited to the following, in the next general meeting of the Company, and in any event, the amended Articles shall become effective no later than 90 days upon Completion:

- (1) the quorum of the Board meeting shall be more than half of the number of Directors;
- (2) other than the matters which shall be approved by the Shareholders pursuant to the applicable laws and the Articles, certain matters/transactions shall be conducted only with the prior approval of the Board;

- (3) certain matters, such as removal or election of Directors, declaration of dividend and acquisition of assets exceeding 30% of the net assets of the Group, shall be approved by special resolutions of the Company;
- (4) the Board shall have two co-chairmen;
- (5) the role of deputy chairman of the Board shall be removed;
and
- (6) the Board shall authorize the management of the Company to manage the daily operation of the Company.

If the Company fails to amend the Articles as agreed in the Sale and Purchase Agreement, the Investor shall have the right to require (i) Kingom Power and Winwett Investments to purchase back the 218,405,000 of the Sale Shares and 448,305,000 of the Sale Shares, respectively at the same price as the Sale Share were sold under the Sale and Purchase Agreement, and (ii) the Vendors to indemnify the Investor for all the reasonable costs incurred in connection with the acquisition of the Sale Shares.

Nomination of Directors
by the Investor:

Subject to the satisfaction of the conditions precedent under the Sale and Purchase Agreement, the Vendors undertake to (i) procure six persons nominated by the Investor to be appointed as two executive Directors and four non-executive Directors with effect from the date of Completion; (ii) procure two of the existing executive Directors to resign; and (iii) procure the current chairman of the Board to retire or to be re-designated as a co-chairman and procure one of the executive Directors nominated by the Investor to be appointed as a co-chairman.

Payment:

Pursuant to the Sale and Purchase Agreement, the Investor shall:

- (1) make a total deposit of HK\$20,000,000 to the Vendors within seven days upon the execution of the Sale and Purchase Agreement;

- (2) pay 50% of the consideration that shall be paid to each Vendor after deducting the above respective deposit on the date of Completion; and
- (3) pay the remaining balance of the consideration that shall be paid to each Vendor within seven days upon Completion.

CHANGES IN SHAREHOLDING OF THE COMPANY AFTER COMPLETION

Immediately upon Completion, Kingom Power and Winwett Investments will hold 643,720,000 Shares and 413,820,000 Shares, respectively, representing 28.0% and 18.0% of the total number of Shares in issue as at the date of the Sale and Purchase Agreement, and will cease to be controlling shareholders (as defined under the Listing Rules) of the Company, while the Investor will hold a total of 666,710,000 Shares, representing 29.0% of the total number of Shares in issue as at the date of the Sale and Purchase Agreement and will become the largest shareholder of the Company upon Completion.

The table below sets out the shareholdings in the Company as at the date hereof and immediately after Completion:

Shareholder	Immediately prior to		Immediately upon	
	Completion		Completion	
	<i>Number of Shares</i>	<i>percentage</i>	<i>Number of Shares</i>	<i>percentage</i>
Kingom Power	862,125,000	37.5%	643,720,000	28.0%
Winwett Investments	862,125,000	37.5%	413,820,000	18.0%
The Investor	–	–	666,710,000	29.0%
Public shareholders	<u>574,750,000</u>	<u>25.0%</u>	<u>574,750,000</u>	<u>25.0%</u>
Total:	<u><u>2,299,000,000</u></u>	<u><u>100.0%</u></u>	<u><u>2,299,000,000</u></u>	<u><u>100.0%</u></u>

BACKGROUND OF THE INVESTOR

To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, immediately before the Completion, the investor and its shareholders were third parties independent of the Company and its connected persons (as defined under the Listing Rules). The Investor is an investment holding company. CECEP Chongqing, the sole shareholder of the Investor and its parent company, CECEP, a state-owned enterprise, are primarily engaged in the fields of energy conservation, emission reduction and environmental protection.

As completion of the Sale and Purchase Agreement is subject to the satisfaction of the various conditions precedent and conditions subsequent set out therein, the sale of the Sales Shares may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

Further announcement will be issued by the Company upon Completion or in the event that Disposal does not proceed.

DEFINITIONS

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

“Articles”	the articles of association of the Company
“Board”	the board of Directors of the Company
“CECEP”	中國節能環保集團公司 (China Energy Conservation and Environmental Protection Group*), a state owned enterprise under the supervision of State-owned Assets Supervision and Administration Commission of the State Council of the PRC, which is primarily engaged in the fields of energy conservation, emission reduction and environmental protection

“CECEP Chongqing”	重慶中節能實業有限責任公司 (CECIC Chongqing Industry Co., Ltd.*), a company incorporated in the PRC and a non-wholly-owned subsidiary of CECEP
“Company”	Billion Industrial Holdings Limited (百宏實業控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the transfer of the Sale Shares by the Vendors to the Investor pursuant to the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Sze and Mr. Wu
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Investor”	Hong Kong (Rong An) Investment Limited (香港榮安投資有限公司), a company incorporated in Hong Kong with limited liability, which is wholly owned by CECEP Chongqing
“Kingom Power”	Kingom Power Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is owned by Mr. Sze
“Last Trading Date”	the last trading day of the Shares on the Stock Exchange immediately prior to the execution of the Sale and Purchase Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Sze”	Mr. Sze Tin Yau (施天佑), a co-founder of the Group, an executive Director and the chairman of the Board
“Mr. Wu”	Mr. Wu Jinbiao (吳金錶), a co-founder of the Group and an executive Director
“PRC”	the People’s Republic of China
“Sale and Purchase Agreement”	a conditional sale and purchase agreement entered into between the Vendors, the Investor and the Guarantors dated 14 July 2012 for the transfer of the Sale Shares for a cash consideration of HK\$4.39 per Sale Share
“Sale Shares”	666,710,000 Shares, comprising 218,405,000 Shares to be sold by Kingom Power and 448,305,000 Shares to be sold by Winwett Investments, to the Investor pursuant to the Sale and Purchase Agreement
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Codes”	the Hong Kong Codes on Takeovers and Mergers and Share Repurchases
“Vendors”	Kingom Power and Winwett Investments

“Winwett Investments” Winwett Investments Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is owned by Mr. Wu

“%” percent

* *For reference purpose only, the English names of these companies, persons, entities or documents are only a translation of their respective Chinese names. In the event of any discrepancies between the Chinese names and their respective English translations, the Chinese version shall prevail.*

By order of the Board
Billion Industrial Holdings Limited
Sze Tin Yau
Chairman

Hong Kong, 15 July 2012

As at the date of this announcement, the Board comprises Mr. Sze Tin Yau, Mr. Wu Jinbiao, Mr. Wu Jianshe and Mr. He Wenyao as executive Directors, and Mr. Yeung Chi Tat, Ms. Zhu Meifang and Mr. Ma Yuliang as independent non-executive Directors.