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SINOREF

SINOREF HOLDINGS LIMITED

華耐控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1020)

**MEMORANDUM OF UNDERSTANDING
IN RESPECT OF THE POSSIBLE ACQUISITION OF
THE ENTIRE EQUITY INTEREST IN
BRILLIANT KING GLOBAL LIMITED**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The Board announces that after trading hours on 24 July 2014, the Company entered into the Memorandum of Understanding with the Vendor in relation to the Possible Acquisition. The Target Group is principally engaged in the supply and installation of parapets in the PRC.

The Memorandum of Understanding contains certain legally binding obligations regarding exclusivity and confidentiality. However, it is not legally binding in respect of the Possible Acquisition and its terms. The terms of the Formal Agreement are yet to be determined.

The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition materialises, it will constitute a notifiable and connected transaction of the Company under the Listing Rules.

Shareholders and potential investors are urged to exercise caution when dealing in the Shares. Further announcement in respect of the Possible Acquisition will be made by the Company as and when appropriate in accordance with the Listing Rules.

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The Board announces that after trading hours on 24 July 2014, the Company entered into the Memorandum of Understanding with the Vendor in relation to the Possible Acquisition, major terms of which are set out below:

MEMORANDUM OF UNDERSTANDING

Date: 24 July 2014 (after trading hours)

Purchaser: the Company

Vendor: Abundant Day Limited, a company incorporated in the BVI with limited liability

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is an investment holding company. As at the date of this announcement, the ultimate beneficial owner of the Vendor, Mr. Chen, is a substantial Shareholder (as defined in the Listing Rules) and interested in approximately 12.78% of the issued share capital of the Company. Accordingly, the Vendor is a connected person (as defined in the Listing Rules) of the Company.

Assets to be acquired

Under the Memorandum of Understanding, it is proposed that the Company will acquire the entire equity interest in the Target from the Vendor.

Consideration

The consideration for the Possible Acquisition will be determined after further negotiation between the Company and the Vendor and may be satisfied by a combination of cash, promissory notes, Shares and/or convertible securities.

In the event that the Formal Agreement is signed and the consideration is to be settled by issuing new Shares or convertible securities to the Vendor, the relevant issue price or conversion price will be determined mutually by the Company and the Vendor with reference to the business performance and financial position of the Group and the historical and recent market prices of the Shares.

Due diligence review

Within 60 days upon the execution of the Memorandum of Understanding (or such other period as agreed by the parties thereto), the Company or the agents/consultants engaged thereby will proceed to conduct the due diligence review on the legal, financial and business aspects of the Target Group and the Vendor shall provide the Company with the necessary documents and information in respect of the due diligence review as required by the Company.

If the Company is not satisfied with the result of the due diligence review, the Company shall notify the Vendor as soon as practicable and the Memorandum of Understanding shall be terminated accordingly. Conversely, if the Company is satisfied with the result of the due diligence review and the Company and the Vendor agree on the terms and conditions of the Possible Acquisition, they shall enter into the Formal Agreement within ten business days from the date of completion of the due diligence review (or such later date as agreed by the parties thereto).

Exclusivity

It is agreed that, during the due diligence period, the Company has the exclusive right to conduct any discussion or enter into any formal agreements with respect to its acquisition of the Target and/or the business of the Target Group, and the Company will not acquire any other business or companies that are engaged in business similar to that of the Target Group.

Termination

If the Formal Agreement is not entered into within five months from the date of the Memorandum of Understanding (or such later date as agreed by the parties thereto), the Memorandum of Understanding shall be terminated.

Reasons for the Possible Acquisition

The Group is principally engaged in manufacture and sale of advanced steel flow control products, such as subentry nozzle, stopper, tundish nozzle and ladle shroud and sales and production of paper converting equipment and other relating equipment.

It is the Company's strategy to review from time to time potential business opportunity and investments to enhance the Shareholders' value. The Group has been focusing on finding suitable investments that present development opportunities and are also able to provide a sustainable stream of cash flow and profit in the long run.

The principal asset of the Target is its indirect 65% equity interest in Chongqing Anxuan, which is a sino-foreign equity joint venture and is principally engaged in the supply and installation of parapets in the PRC. The remaining 35% equity interest in Chongqing Anxuan is owned by Chongqing Anchan Group, a state-owned enterprise established by the municipal government of Chongqing, the PRC. Chongqing Anxuan has signed several contracts relating to the supply and installation of parapets with its customers and has been providing the customers with the supply and installation services of parapet along the roads in Chongqing, the PRC. The Directors consider that the Possible Acquisition, if materialises, represents a good opportunity for the Group to diversify its business and develop a new revenue stream. The Directors are of the view that the terms of the Memorandum of Understanding are fair and reasonable and the Possible Acquisition is in the interests of the Company and Shareholders as a whole.

GENERAL

The Memorandum of Understanding contains certain legally binding obligations regarding exclusivity and confidentiality. However, it is not legally binding in respect of the Possible Acquisition and its terms. The terms of the Formal Agreement are yet to be determined.

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Shareholders and potential investors are urged to exercise caution when dealing in the Shares. Further announcement in respect of the Possible Acquisition will be made by the Company as and when appropriate in accordance with the Listing Rules.

DEFINITION

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

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Chongqing Anchan Group”	重慶安全產業發展集團有限公司 (Chongqing Safety Industry Development Group Company Limited*), a state-owned enterprise established by the municipal government of Chongqing, the PRC
“Chongqing Anxuan”	Chongqing Anxuan Safety Industry Investment Co., Ltd. (重慶安軒安全產業發展有限公司), a sino-foreign equity joint venture established under the laws of the PRC which is owned as to 65% by the Hong Kong Company and 35% by Chongqing Anchan Group
“Company”	Sinoref Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 1020)
“Director(s)”	director(s) of the Company
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered into in relation to the Possible Acquisition
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Company”	Mighty Dollar Holdings Limited, a company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Target
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Understanding”	the memorandum of understanding dated 24 July 2014 entered into between the Company and the Vendor setting out preliminary understanding in relation to the Possible Acquisition
“Mr. Chen”	Mr. Chen Hong

* for identification purpose only

“Possible Acquisition”	the possible acquisition of the entire equity interest in the Target by the Company as contemplated under the Memorandum of Understanding and subject to the execution of the Formal Agreement
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Brilliant King Global Limited, a company incorporated in the BVI with limited liability and wholly owned by the Vendor
“Target Group”	including the Target, the Hong Kong Company and Chongqing Anxuan
“Vendor”	Abundant Day Limited, a company incorporated in the BVI with limited liability and wholly owned by Mr. Chen

By Order of the Board
Sinoref Holdings Limited
Xu Yejun
Chairman

Hong Kong, 24 July 2014

As at the date of this announcement, the executive Directors are Mr. Xu Yejun, Mr. Zhao Ping and Mr. Ho Yuk Hay, the non-executive Director is Mr. Chow Chi Wa and the independent non-executive Directors are Mr. Yao Enshu, Mr. Tsui Siu Hang Steve and Mr. Wong Kwong Chi.