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CIL Holdings Limited

華建控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 479)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

SUNWAH KINGSWAY

新華滙富

Kingsway Financial Services Group Limited

PLACING OF NEW SHARES

On 1 December 2015 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to place, on a best effort basis, the Placing Shares comprising up to 252,000,000 new Shares at the Placing Price of HK\$0.10 per Placing Share to not less than six Places.

The maximum number of 252,000,000 Placing Shares represents (i) approximately 9.13% of the existing issued share capital of the Company as at the date of the Placing Agreement; and (ii) approximately 8.36% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Assuming all the Placing Shares were allotted and issued, the gross proceeds of the Placing will amount to approximately HK\$25.2 million and the net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$24.2 million after deducting relevant expenses incurred in relation to the Placing. It is presently expected that the net proceeds will be used for repayment of loan and as general working capital of the Group.

* for identification purpose only

GENERAL

The Placing Shares are to be issued under the General Mandate and therefore the issue of the Placing Shares will not be subject to the approval of the Shareholders.

Completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. Also, pursuant to the termination provision in the Placing Agreement, the Placing Agent has the right in certain circumstances, at the discretion of the Placing, to terminate the Placing Agreement prior to Completion. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 1 December 2015 (after trading hours)

Parties: (1) Issuer: The Company
(2) Placing Agent: Kingsway Financial

The Placing Agent has been appointed to place, on a best effort basis, the Placing Shares at the Placing Price. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent is an Independent Third Party.

The Placees

The Placing Shares will be placed on a best effort basis to not less than six Placees which will be professional, institutional, or other investors who and whose ultimate beneficial owners shall be Independent Third Parties. It is not expected that any Placee will become a Substantial Shareholder immediately after completion of the Placing.

Number of Placing Shares

The Placing Shares shall be up to 252,000,000 new Shares, representing approximately 9.13% of the existing issued share capital of the Company as at the date of the Placing Agreement, and approximately 8.36% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will rank, upon issue, pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price is HK\$0.10 per Placing Share, representing:

- (i) a discount of approximately 0.99% to the closing price of HK\$0.101 per Share as quoted on the Stock Exchange on 1 December 2015, being the date of the Placing Agreement; and
- (ii) a discount of approximately 1.77% to the average of the closing prices of approximately HK\$0.1018 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement;

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to, among others, the prevailing market price of the Shares. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Based on the estimated expenses for the Placing, the net Placing Price is approximately HK\$0.096 per Placing Share.

Assuming the 252,000,000 Placing Shares are subscribed in full, the aggregate nominal value of the Placing Shares is HK\$2,520,000.

Placing commission payable to the Placing Agent

The placing commission payable to the Placing Agent under the Placing Agreement is 3.0% of the aggregate Placing Price of the Placing Shares.

The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the market rate. The Directors consider that the terms of the Placing Agreement (including the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate. As at the date of this announcement, the General Mandate has not been fully utilized since it was granted on 16 July 2015. The remaining number of new Shares that could be issued by the Company under the General Mandate (after its placing completed on 4 August 2015) is 252,129,169 Shares. The maximum of 252,000,000 Placing Shares to be allotted and issued will utilize approximately 99.9% of the remaining General Mandate. Accordingly, the issue of the Placing Shares will not be subject to the approval of the Shareholders.

Conditions of the Placing

The Placing is conditional upon the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, all of the Placing Shares.

In the event that the conditions of the Placing is not fulfilled by 15 December 2015 (or such other date as may be agreed by the Placing Agent and the Company), all rights, obligations and liabilities of the parties to the Placing Agreement in relation to the Placing shall cease and determine and none of the parties shall have any claim against any other party in respect of the Placing save for any antecedent breaches. No Shareholders' approval is required for the Placing.

Completion of the Placing

Completion of the Placing will take place on the third Business Day following the fulfillment of the conditions of the Placing (or such other date agreed by the Company and the Placing Agent).

Termination

Unless otherwise agreed between the Company and the Placing Agent, the appointment in respect of the Placing Agent hereunder shall terminate simultaneously upon the earlier of (a) Completion and (b) termination of the Placing Agreement, whichever is earlier. The Placing Agent reserves its right to terminate the arrangements set out in the Placing Agreement by notice in writing at or prior to 10:00 a.m. on the Completion Date (or such other date as may be agreed between the Parties), if in its reasonable opinion, the success of the Placing would be materially and adversely affected by any force majeure events:

- (a) For this purpose, a "force majeure event" refers to
 - (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of such Placing Agent, materially and adversely affect

the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

(iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

(b) If, at or prior to 10:00 a.m. on the Completion Date;

(i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or

(ii) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of any announcement relating to the Placing Agreement or circulars relating to the Placing and/or the sale and purchase agreement and the ancillary agreements thereto; or

(iii) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any material respect be untrue or inaccurate and the Placing Agent, in its reasonable opinion, determines that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing;

the Placing Agent shall be entitled by notice in writing to the Company to elect to treat such matter or event as releasing and discharging it from its obligations under this Agreement.

Upon giving of the notice pursuant to the paragraphs above, all obligations of the Placing Agent shall cease and determine and no Party shall have any claim against any other Parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches hereof.

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 Placing Shares.

REASONS FOR THE PLACING

The Group is principally involving in distribution of server storage, multi-media and communication products, money lending, investments in securities and distribution of rice cooker and household electrical appliance. The Directors consider the Placing represents a good opportunity to raise additional funding for the Company and it will also strengthen the capital base of the Company. Accordingly, the Directors consider the Placing is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

Assuming all the Placing Shares were allotted and issued, the gross proceeds of the Placing will amount to approximately HK\$25.2 million and the net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$24.2 million after deducting relevant expenses incurred in relation to the Placing.

It is presently expected that the net proceeds will be used for repayment of loan and as general working capital of the Group.

EQUITY FUND RAISING ACTIVITY IN PAST 12 MONTHS BEFORE THE DATE OF THIS ANNOUNCEMENT

The Company's equity fund raising activities over the past 12-month period immediately preceding the date of this announcement are set out below:

Date of Completion	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
4 August 2015	Placing of 250,000,000 new Shares under general mandate	HK\$24,000,000	For repaying borrowings and/or as general working capital of the Group.	HK\$4.7 million for repayment of loan and HK\$19.3 million for general working capital

CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 2,760,645,846 Shares in issue. The shareholding structure of the Company as at the date of this announcement and immediately after completion of the Placing is as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate percentage</i>	<i>Number of Shares</i>	<i>Approximate percentage</i>
Mr. Ke Jun Xiang and spouse (<i>Notes 1 & 2</i>)	532,520,000	19.29%	532,520,000	17.68%
Mr. Wilson Wong	93,100,000	3.37%	93,100,000	3.09%
Sub-total	625,620,000	22.66%	625,620,000	20.77%
Public Shareholders	2,135,025,846	77.34%	2,135,025,846	70.87%
Places	–	–	252,000,000	8.36%
Total	<u>2,760,645,846</u>	<u>100%</u>	<u>3,012,645,846</u>	<u>100%</u>

Notes:

- Mr. Ke Jun Xiang, Chairman and Chief Executive Officer, held 274,280,000 ordinary shares of the Company and through Trade Honour Limited, Global Work Management Limited and Ample Key Limited, held 50,900,000, 1,500,000 and 80,000,000 ordinary shares of the Company respectively. Ms. Wang Jian Ping, the spouse of Mr. Ke Jun Xiang, wholly owned State Thrive Limited and Shine Fill Limited, which held 62,920,000 and 62,920,000 ordinary shares of the Company respectively.

Mr. Ke has charged 80,000,000 ordinary shares which are held by Ample Key Limited to Universe Asia Finance Limited an authorised institution as defined in the Money Leader Ordinance, as security for a loan facility to Mr. Ke.

- The 125,840,000 ordinary shares of the Company held by State Thrive Limited and Shine Fill Limited are pledged to Ever Asset Limited, which is wholly owned by Mr. Yan Xiaobei.

Completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. Also, pursuant to the termination provision in the Placing Agreement, the Placing Agent has the right in certain circumstances, at the discretion of the Placing, to terminate the Placing Agreement prior to Completion. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday and public or statutory holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	CIL Holdings Limited, a company incorporated in the Bermuda with limited liability and the securities of which are listed on the Stock Exchange
“Completion Date”	the date of completion of the Placing which will take place on the third Business day following the fulfillment of the conditions of the Placing or such other date agreed by the Company and Placing Agent
“connected person(s)”	has the meanings as ascribed thereto under the Listing Rules
“Director(s)”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the special general meeting of the Company convened and held on 16 July 2015 to issue and allot up to 502,129,169 new Shares, representing 20% of the share capital of the Company in issue on the date of the passing of the relevant ordinary resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	independent third parties who are not connected person(s) of the Company and are independent of and not connected with the Company and its directors, chief executive, and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Kingsway Financial”	Kingsway Financial Services Group Limited, licensed to carry on type 1, 2, 4 and 9 regulated activity (dealing in securities, dealing in future contracts, advising on securities and asset management) under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional, and/or private investors procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to an aggregate of 252,000,000 new Shares to be allotted and issued to the Placees pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingsway Financial
“Placing Agreement”	the conditional placing agreement dated 1 December 2015 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	the placing price of HK\$0.10 per Placing Share
“Placing Shares”	up to an aggregate of 252,000,000 new Shares to be placed under the Placing
“Shareholders”	holders of the issued Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Substantial Shareholder” has the meaning as ascribed thereto under the Listing Rules

“%” per cent

By order of the Board
CIL Holdings Limited
Ke Jun Xiang
Chairman

Hong Kong, 1 December 2015

As at the date of this announcement, the executive directors of the Company are Mr. Ke Jun Xiang (Chairman and Chief Executive Officer), Mr. Wilson Wong (Deputy Chairman), Ms. Lo Yuen Chung and Mr. Fu Daoding; the non-executive directors of the Company are Mr. Chow Yeung Tuen, Richard and Mr. Li Chung Kai Philip; and the independent non-executive directors of the Company are Mr. Kwok Yam Sheung, Mr. Chan Siu Kay and Mr. Choi Chin Yu.

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