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**福和集團控股有限公司**

**FOOK WOO GROUP HOLDINGS LIMITED**

**Fook Woo Group Holdings Limited**

**福和集團控股有限公司**

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

**(Stock Code: 923)**

## **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

On 7 October 2010 (after trading hours), the Company and the Subscriber entered into the conditional Subscription Agreement pursuant to which the Company has agreed to issue and the Subscriber agreed to subscribe for an aggregate of 366,275,000 Subscription Shares at the Subscription Price of HK\$2.40 per Subscription Share for a total consideration of HK\$879,060,000 pursuant to the terms and conditions of the Subscription Agreement.

The Subscription Shares represent (i) 17.50% of the existing issued share capital of the Company and (ii) approximately 14.89% of the enlarged issued share capital of the Company immediately following completion of the Subscription.

Completion of the Subscription is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares. The Subscription Shares will be issued under the General Mandate.

## **SUBSCRIPTION AGREEMENT**

### **Parties:**

Date : 7 October 2010

Issuer : The Company

Subscriber : Chow Tai Fook Nominee Limited

The Subscriber is a company incorporated in Hong Kong with limited liability, which is beneficially and wholly owned by Dato' Dr Cheng Yu-Tung. The principal nature of business of the Subscriber is investment holding.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

As at the date of this announcement and save for the entering into of the Subscription Agreement and being the beneficial owner of 11,698,000 Shares (representing approximately 0.56% of the existing issued share capital of the Company), the Subscriber has no business relationship with the Company and does not hold any other interest in the securities of the Company.

**Number of Subscription Shares:**

366,275,000 new Shares, representing 17.50% of the Company's existing issued share capital and approximately 14.89% of the enlarged issued share capital of the Company immediately following completion of the Subscription.

The aggregate nominal value of the Subscription Shares is HK\$36,627,500 and the market value of the Subscription Shares is HK\$944,989,500, based on the closing price of HK\$2.58 on the Last Trading Day.

The Subscriber will be interested in approximately 14.89% of the enlarged issued share capital of the Company and will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately upon completion of the Subscription.

**Subscription Price:**

HK\$2.40 per Subscription Share, which represents:

- (a) a discount of approximately 6.98% to the closing price of HK\$2.58 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 7.69% to the average closing price of HK\$2.60 per Share for the last 5 trading days immediately prior to the Last Trading Day; and
- (c) a discount of approximately 10.78% to the average closing price of approximately HK\$2.69 per Share from 20 September 2010 to 5 October 2010, both dates inclusive, being the last ten trading days immediately prior to the Last Trading Day.

The Company will be able to raise the gross proceeds of HK\$879,060,000. After deducting expenses relating to the Subscription, the net proceeds of the Subscription will be approximately HK\$850 million and the net price per Subscription Share is approximately HK\$2.32. The Subscription Price is determined

at arm's length basis and the Directors consider that the terms of the Subscription Agreement are fair and reasonable based on the current market condition and are in the interest of the Company and its Shareholders as a whole. The Subscription Price of the Subscription Shares will be paid to the Company at completion of the Subscription.

#### **Mandate for the issue of the Subscription Shares:**

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM.

At the AGM, the total number of Shares in issue was 2,093,000,000 Shares. The maximum number of new Shares which can be issued pursuant to the General Mandate is 418,600,000 Shares (representing 20% of the issued share capital of the Company as at the date of the AGM), which has not been utilized since the date of the AGM. The issue of the Subscription Shares pursuant to the General Mandate is not subject to the approval of the Shareholders. After completion of the Subscription, there are 52,325,000 Shares which may be allotted and issued pursuant to the General Mandate.

#### **Ranking:**

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all aspects among themselves and with all other Shares presently in issue and at the time of issue and allotment of the Subscription Shares, including the right to any dividends or distribution after the date of completion of the Subscription.

#### **Conditions of the Subscription:**

The Subscription is conditional on the granting of a listing of and permission to deal in the Subscription Shares by the Listing Committee of the Stock Exchange. The issue of the Subscription Shares pursuant to the General Mandate is not subject to the approval of the shareholders of the Company.

If the conditions are not fulfilled on or before 31 October 2010 (or such other date as the parties to the Subscription Agreement may mutually agree), the Subscription Agreement will lapse.

#### **Undertakings and other material terms of the Subscription Agreement:**

Under the Subscription Agreement:

- the Subscription Shares are not subject to any lock-up restriction. The Subscriber undertakes to the Company that in the event of any disposal of Shares at any time after the date of completion of the Subscription, all reasonable steps will be taken to ensure that such disposal will not create a disorderly or false market nor will such disposal be deemed to have effect on the Company as if the Company had offered its Shares to the public within the meaning of the Companies Ordinance, Chapter 32 of the laws of Hong Kong;

- the Company undertakes to the Subscriber that during the period from the date of the Subscription Agreement and prior to the expiration of six months commencing from the date of completion of the Subscription and save for any grant of options pursuant to the Share Option Scheme, the Company shall not issue any further Shares and/or other securities without the prior written consent of the Subscriber;
- if so required by the Subscriber in writing upon or at any time after completion of the Subscription and for so long as the Subscriber remains the holder of any of the Shares by holding not less than 5% interests in the issued share capital of the Company, the Company shall procure not more than two (2) persons nominated by the Subscriber from time to time to be validly appointed as non-executive Directors (such appointment to take effect on a date to be reasonably determined by the Subscriber at its absolute discretion).

### **Completion of the Subscription:**

Subject to fulfillment of the condition of the Subscription Agreement, completion of the Subscription will take place on the third Business Day next following the condition of the Subscription has been fulfilled (or such other date as the parties may agree).

### **Use of proceeds**

The Company is actively exploring various investment opportunities (including, without limitation, acquisition of companies engaged in similar industry) in order to further its business development. No definitive decision or binding agreement in relation to such investment opportunities has been entered into as at the date of this announcement. In the event that such investment opportunities materialize, it is intended that the proceeds of the Subscription of approximately HK\$850 million, net of expenses, will be used for such purpose.

### **APPLICATION FOR LISTING**

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

### **REASONS FOR THE SUBSCRIPTION**

The Board believes that the Subscription can provide an opportunity to broaden the shareholder base of the Company, and to strengthen the capital base and financial position of the Group for its future business development. Further, the Subscription also signifies the confidence of the Subscriber in the development and prospects of the business of the Group.

In light of the above, the Directors consider the terms of the Subscription Agreement to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## EFFECT OF THE SUBSCRIPTION ON SHAREHOLDING STRUCTURE

Assuming that there will be no change in the shareholding structure of the Company from the date of this announcement to immediately before completion of the Subscription, the shareholding structure of the Company immediately before and after the Subscription will be as follows:

Shareholders	As at the date of this announcement		Immediately after the Subscription	
	Shares	Approximate %	Shares	Approximate %
Trump Max International Investment Limited ( <b>“Trump Max”</b> ) (Note 1)	785,100,000	37.51	785,100,000	31.92
City Legend International Limited ( <b>“City Legend”</b> ) (Note 2)	475,050,000	22.70	475,050,000	19.32
The Subscriber	11,698,000	0.56	377,973,000	15.37
Public Shareholders	821,152,000	39.23	821,152,000	33.39
Total:	<u>2,093,000,000</u>	<u>100.00</u>	<u>2,459,275,000</u>	<u>100.00</u>

Notes:

1. Trump Max is a limited liability company incorporated in the British Virgin Islands, the entire issued share capital of which is solely and beneficially owned by Ms. Tam Ming Luen (**“Ms. Tam”**). Ms. Tam is deemed to be interested in these 785,100,000 Shares held by Trump Max by virtue of Part XV of the SFO.
2. City Legend is a limited liability company incorporated in the British Virgin Islands, the entire issued share capital of which is solely and beneficially owned by Mr. Leung Kai Kuen (**“Mr. Leung”**). Mr. Leung is deemed to be interested in these 475,050,000 Shares held by City Legend by virtue of Part XV of the SFO. Pursuant to a loan agreement dated 27 November 2007 entered into between Mr. Leung and Firstrate Enterprises Limited (**“Firstrate”**) (as supplemented by a supplemental agreement dated 2 March 2010) (the **“Loan Agreement”**), Firstrate granted an unsecured loan in the amount of HK\$100,000,000 to Mr. Leung, in consideration of which Firstrate was granted a right to exchange the entire outstanding principal of the loan into certain number of Shares in the manner as set out in the Loan Agreement (the **“Exchange”**). As informed by Mr. Leung, notice of Exchange has been served by Firstrate and it is expected that 168,750,000 Shares, representing approximately 8.06% of the issued share capital of the Company as at the date of this announcement and 6.86% of the enlarged issued share capital of the Company immediately after completion of the Subscription, will be transferred to Firstrate pursuant to such Exchange, assuming Shares to be transferred to Firstrate will be completed prior to completion of the Subscription and no further Shares will be issued by the Company immediately after completion of the Subscription and prior to the date of Exchange. Upon completion of the Exchange, City Legend’s shareholding interests in the Company will be reduced from approximately 22.70% to approximately 14.63% as at the date of this announcement and approximately 19.32% to approximately 12.45% of the enlarged issued share capital of the Company immediately upon completion of the Subscription.

## Public Float

The Company will be able to comply with the public float requirement under the Listing Rules prior to or immediately after completion of the Subscription.

## FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company raised net proceeds of approximately HK\$1,047.3 million and HK\$203.6 million by way of the Global Offering (as defined in the Prospectus) and from the allotment and issue of the Over-allotment Shares pursuant to the Over-allotment Option (as defined in the Prospectus) which was intended to be used by the Company for the purposes as set out in the section headed “Future Plans and Use of Prospectus” in the Prospectus. As at the date of this announcement, a total amount of HK\$333 million were used in the manner as described in the Prospectus and HK\$917.9 million remained unutilized as at the date of this announcement.

Save as disclosed above, the Company has not undertaken any fund raising activities in the 12 months immediately prior to the date of this announcement.

## DEFINITIONS

In this announcement, the following terms shall, unless the context otherwise requires, have the respective meanings assigned to them below:

“AGM”	the annual general meeting of the Company held on 15 September 2010
“Board”	the board of Directors
“Business Day”	a day (excluding a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks in Hong Kong are open for business.
“Company”	Fook Woo Group Holdings Limited (福和集團控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability, the Shares of which are listed on the Stock Exchange
“Connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the AGM by the then Shareholders to allot, issue and otherwise deal with additional Shares not exceeding 20% of the issued share capital of the Company as at the date of the AGM

“Global Offering”	the Hong Kong Public Offering and the International Offering referred to in the Prospectus
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	6 October 2010, being the last trading day immediately prior to the date of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Over-allotment Shares”	the Shares allotted and issued by the Company pursuant to the Over-allotment Option referred to in the Prospectus
“Prospectus”	the prospectus issued by the Company on 19 March 2010
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.10 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 11 March 2010
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	the subscriber of the Subscription Shares under the Subscription Agreement, namely Chow Tai Fook Nominee Limited
“Subscription”	the subscription by the Subscriber of the Subscription Shares pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 7 October 2010 entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	HK\$2.40 per Subscription Share
“Subscription Shares”	a total of 366,275,000 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
%	per cent.

For and on behalf of the Board  
**FOOK WOO GROUP HOLDINGS LIMITED**  
**Leung Kai Kuen**  
*Chairman*

Hong Kong, 7 October 2010

*As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Leung Kai Kuen, Mr. Leung Tat Piu and Mr. Cheng Chun Keung, Thomas; one non-executive Director, Ms Cheung Nga Lai, Carol; and four independent non-executive directors, namely, Mr. Chung Wai Kwok, Jimmy, Mr. Chan Kong, Mr. Lee Kwok Chung and Mr. Lau Shun Chuen.*