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**Spread Prospects Holdings Limited**

**展鴻控股有限公司**

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

(Stock Code: 572)

## **PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES AND RESUMPTION OF TRADING**

On 12 June 2007, the Placing and Subscription Agreement was entered into between the Vendor, the Company and the Placing Agent, pursuant to which the Placing Agent has agreed to place, on a best effort basis, 60,000,000 Placing Shares held by the Vendor to independent third parties who are not connected persons of the Company and are independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates at HK\$1.498 per Placing Share.

Pursuant to the Placing and Subscription Agreement, the Company has conditionally agreed to allot and issue the Subscription Shares (the number of which shall be equivalent to the Placing Shares) at HK\$1.498 per Subscription Share. The Subscription is subject to various conditions set out below under the section headed “Conditions of the Subscription”.

The price per Placing Share represents (i) a discount of approximately 9.76% to the closing price of HK\$1.66 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 5.19% to the average closing price of approximately HK\$1.58 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and (iii) a premium of approximately 3.31% over the average closing price of approximately HK\$1.45 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Placing Shares represent approximately 11.5% of the existing issued share capital of the Company and approximately 10.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. Assuming that the Placing Shares are fully placed under the Placing, the Placing will reduce the shareholding of the Vendor and parties acting in concert with it from about 42.5% to approximately 31.0% of the issued share capital of the Company as at the date of this announcement. The

Subscription will then increase the aggregate shareholding of the Vendor and parties acting in concert with it to approximately 38.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares thereby triggering a general offer obligation. An application will be made by the Vendor to the Executive for the granting of a waiver from general offer obligation that might otherwise arise under the Takeovers Code as a result of the Subscription. An 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.

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 5 June 2007.

Assuming that the Placing Shares are fully placed under the Placing, the net proceeds from the Subscription will amount to approximately HK\$87 million and the net price per Subscription Share will be approximately HK\$1.45. The Company intends to use the net proceeds for future acquisition opportunities to expand the Group's business and as general working capital of the Group.

Trading in Shares on the Stock Exchange was suspended from 9:30 a.m. on 13 June 2007 at the request of the Company pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in Shares with effect from 9:30 a.m. on 15 June 2007.

## **PLACING AND SUBSCRIPTION AGREEMENT**

### **1. The Placing**

#### **Vendor:**

The Vendor, a company incorporated in the British Virgin Islands with limited liability, is wholly owned by Mr Yang who is the Chairman of the Company and an executive Director.

As at the date of this announcement, the Vendor together with parties acting in concert with it held 221,310,000 Shares, representing approximately 42.5% of the existing issued share capital of the Company.

#### **Number of Placing Shares:**

The Placing Agent has agreed to procure, on a best effort basis, places for the purchase of 60,000,000 Shares owned by the Vendor, representing approximately 11.5% of the issued share capital of the Company as at the date of this announcement and, assuming the Placing Shares are fully placed under the Placing, approximately 10.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

Further announcement will be made in the event that the number of Placing Shares actually placed by the Placing Agent is less than 60,000,000.

**Placees:**

As represented by the Placing Agent to the Company, the Placing Shares will be placed to five placees, namely, Credit Suisse (Hong Kong) Limited, Wessex Asset Management Limited, Evolution Capital Management, Gain Asset Management Limited and The SFP Asia Master Fund Limited, all of which are independent private institutional investors who are not connected persons of the Company and are independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates.

Other than The SFP Asia Master Fund Limited which holds 44,892,000 Shares, representing approximately 8.6% of the issued share capital of the Company as at the date of this announcement, none of the placees holds any Shares as at the date of this announcement.

**Placing price:**

HK\$1.498 per Placing Share.

This price, which was fixed together with the other terms of the Placing and Subscription Agreement on the evening of the Last Trading Day, was agreed after arm's length negotiations between the Vendor, the Company and the Placing Agent with reference to recent market prices of the Shares. This price represents (i) a discount of approximately 9.76% to the closing price of HK\$1.66 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 5.19% to the average closing price of approximately HK\$1.58 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and (iii) a premium of approximately 3.31% over the average closing price of approximately HK\$1.45 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

**Placing Agent and placing fee:**

UOB Kay Hian (Hong Kong) Limited

The placing agent is entitled to a placing fee of 3% of the aggregate placing price of the Placing Shares placed pursuant to the Placing and Subscription Agreement.

**Independence of placees and placing agent:**

To the best knowledge of the Directors:

- (a) the Placing Agent and its beneficial owners, the proposed placees and their respective ultimate beneficial owners are independent of and not connected with the Vendor;
- (b) the Placing Agent and its beneficial owners, the proposed placees and their respective ultimate beneficial owners are not connected persons of the Company and are independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates;

- (c) to the best knowledge, information and belief of the Company, none of the Placing Agent, its beneficial owners, the proposed placees and their respective ultimate beneficial owners is a party acting in concert or presumed to be acting in concert with any of the Shareholders, save that The SFP Asia Master Fund Limited is an existing Shareholder; and
- (d) none of the placees will become a substantial shareholder of the Company immediately following the Placing.

**Completion of the Placing:**

Under the Placing and Subscription Agreement, completion of the Placing will take place on the earliest date on which the Shares resume trading on the Stock Exchange after the signing of the Placing and Subscription Agreement or such date as the Placing Agent may agree.

**Rights of the Placing Shares:**

The Placing Shares will be sold by the Vendor free of liens, charges, encumbrances and any third party rights and together with all rights attaching to the Placing Shares as at the date of completion of the Placing, including the right to receive all dividends and other distributions which may be declared, made or paid in respect of the Placing Shares if the record date shall fall on or after the date of completion of the Placing.

**2. The Subscription**

**Subscriber:**

The Vendor

**Number of Subscription Shares:**

The Company has agreed to allot and issue and the Vendor has agreed to subscribe for 60,000,000 new Shares which, having an aggregate nominal value of HK\$6,000,000, represent approximately 11.5% of the issued share capital of the Company as at the date of this announcement and, assuming the Placing Shares are fully placed under the Placing, approximately 10.3% of the issued share capital as enlarged by the allotment and issue of the Subscription Shares.

**Subscription price:**

HK\$1.498 per Subscription Share, which is equivalent to the price per Placing Share.

**Mandate to allot and issue new Shares:**

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 5 June 2007 (“**General Mandate**”). The Directors were authorised to allot and issue up to 101,003,016 Shares pursuant to the General Mandate to issue Shares.

The Company has not exercised the power to allot and issue any new Shares pursuant to the General Mandate prior to the date of this announcement.

**Ranking:**

The Subscription Shares will rank equally in all respects among themselves and with all other Shares in issue as at the date of allotment and issue of the Subscription Shares.

**Conditions of the Subscription:**

The Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Subscription Shares;
- (b) if required, the Executive granting a waiver to the Vendor to the effect that neither the Vendor nor any party acting in concert (as defined in the Takeovers Code) with it will be obliged to make a general offer for the Shares under the Takeovers Code as a result of the Subscription; and
- (c) completion of the Placing pursuant to the Placing and Subscription Agreement.

None of the above conditions can be waived by the parties to the Placing and Subscription Agreement.

Assuming the Placing Shares are fully placed under the Placing, the shareholding of the Vendor and parties acting in concert with it will decrease from approximately 42.5% to approximately 31.0% of the issued share capital of the Company as at the date of this announcement.

**Completion of the Subscription:**

Completion of the Subscription will take place no later than the business day following the day on which the conditions referred to above are fulfilled.

If the conditions to the Subscription are not fulfilled on or before 26 June 2007 (or such later date, subject to the approval of the Stock Exchange, as may be agreed by the Company and the Vendor), the Subscription will lapse. If the date of completion of the Subscription is to be extended beyond 26 June 2007, the Subscription will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules which will require the approval of the independent Shareholders and the Company will take steps to ensure compliance with the Listing Rules. Further announcement will be made as and when appropriate.

The Subscription will increase the shareholding of the Vendor and parties acting in concert with it to approximately 38.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares thereby triggering a general offer obligation. An application will be made by the Vendor to the Executive for the granting of a waiver from general offer obligation that might otherwise arise under the Takeovers Code as a result of the Subscription.

### 3. Termination

Pursuant to the Placing and Subscription Agreement, the Placing Agent shall be entitled to terminate the Placing and Subscription Agreement at any time before completion of the Placing upon the occurrence of any of the following:

- (a) there shall have come to the notice of the Placing Agent any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations and warranties of the Vendor or of the Company contained in the Placing and Subscription Agreement or any failure to perform any of the Vendor's or the Company's undertakings in the Placing and Subscription Agreement;
- (b) any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the reasonable opinion of the Placing Agent, are or may be materially adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (c) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of this Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not ejusdem generis with any of the foregoing) in any part of the world in which the Company or any other member of the Group carries on business which, in the reasonable opinion of the Placing Agent, is or may be materially adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing.

Upon termination of the Placing and Subscription Agreement by the Placing Agent as mentioned above, all rights and obligations of the parties shall cease (other than certain provisions of the Placing and Subscription Agreement including those relating to indemnity and fees) and the Placing and the Subscription will lapse.

## CHANGES TO SHAREHOLDING AS A RESULT OF THE PLACING AND THE SUBSCRIPTION

Assuming the Placing Shares are fully placed under the Placing and no subscription rights attaching to the 2009 Warrants is exercised, the shareholding of the Vendor in the Company immediately before the Placing, immediately after the Placing but before the Subscription, and immediately after the Placing and the Subscription are as follows:

	Existing Shareholding		After the Placing but before the Subscription		After the Placing and the Subscription	
	No. of Shares	% (approx)	No. of Shares	% (approx)	No. of Shares	% (approx)
<b>Connected persons</b>						
The Vendor and parties acting in concert with it	221,310,000	42.5	161,310,000	31.0	221,310,000	38.1
<b>Public</b>						
<b>Places</b>						
Credit Suisse (Hong Kong) Limited	—	—	27,500,000	5.3	27,500,000	4.7
Wessex Asset Management Limited	—	—	7,500,000	1.4	7,500,000	1.3
Evolution Capital Management	—	—	20,000,000	3.8	20,000,000	3.4
Gain Asset Management Limited	—	—	1,000,000	0.2	1,000,000	0.2
The SFP Asia Master Fund Limited	44,892,000	8.6	48,892,000	9.4	48,892,000	8.4
<b>Other public</b>	<u>254,499,081</u>	<u>48.9</u>	<u>254,499,081</u>	<u>48.9</u>	<u>254,499,081</u>	<u>43.9</u>
<b>Sub-total:</b>	<u>299,391,081</u>	<u>57.5</u>	<u>359,391,081</u>	<u>69.0</u>	<u>359,391,081</u>	<u>61.9</u>
<b>Total:</b>	<u>520,701,081</u>	<u>100</u>	<u>520,701,081</u>	<u>100</u>	<u>580,701,081</u>	<u>100</u>

*Note:*

The number of existing Shares held by the Shareholders mentioned in the above table is based on the register of members of the Company as at 14 June 2007.

As disclosed in the above shareholding table, immediately after the completion of the Placing as well as immediately after the completion of the Placing and the Subscription, a minimum of 25% of the then issued share capital of the Company will be in public hands.

### REASONS FOR THE PLACING AND SUBSCRIPTION AND USE OF PROCEEDS:

The Directors consider that it is in the interests of the Company to raise capital from the equity market in order to enhance the capital base of the Company. The Directors (including the independent non-executive Directors) consider the terms (including the placing fee) of the Placing and Subscription Agreement to be fair and reasonable and are in the best interests of the Company, as far as the Company and the Shareholders as a whole are concerned.

Assuming that the Placing Shares are fully placed under the Placing:

- (i) the gross proceeds from the Subscription are estimated to be approximately HK\$89.9 million;
- (ii) the net proceeds, after deducting related placing fee, professional fees and all related expenses which will be borne by the Company, from the Subscription are estimated to be approximately HK\$87 million; and
- (iii) the net price per Subscription Share is approximately HK\$1.45.

The Company intends to use the net proceeds as to approximately 50% for future acquisition opportunities to expand the Group's business and as to the balance as general working capital of the Group. At present, the Group is still identifying suitable target company to be acquired and the acquisition price will depend on a number of factors including the production capacity and the past financial results of such company.

## GENERAL INFORMATION

The Company is an investment holding company. The Group is principally engaged in the manufacture and sale of tinsplate cans and provision of tinsplate lacquering and printing services in the PRC.

## FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Date of agreement	Nature of transaction	Placing Agent	Net Amount raised	Number of Shares issued	Approximate % of the total issued share capital of the Company as at the date of agreement	Intended use of proceeds	Actual use of proceeds
5 October 2006	Placing of existing Shares and top-up subscription for new Shares	Quam Securities Company Limited	HK\$16.1 million	21,000,000 Shares	4.92%	general working capital	general working capital

Save as mentioned above, the Group has not conducted any equity fund raising activities in the past 12 months from the date of this announcement.

## APPLICATION FOR LISTING

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

## RESUMPTION OF TRADING IN SHARES

Trading in Shares on the Stock Exchange was suspended from 9:30 a.m. on 13 June 2007 at the request of the Company pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in Shares with effect from 9:30 a.m. on 15 June 2007.

## DEFINITIONS

The following defined terms are used in this announcement:

“2009 Warrants”	the warrants issued by the Company on 18 May 2006 and having an exercise period from 21 May 2006 to 18 May 2009 (both days inclusive, and if either date is not a business day, then the next business day following such date)
“associates”	having the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Spread Prospects Holdings Limited, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	having the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Group”	collectively, the Company and its subsidiaries for the time being
“HK\$”	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	12 June 2007, being the last trading day of the Shares on the Main Board of the Stock Exchange prior to the date of this announcement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr Yang”	Mr Yang Zongwang, the Chairman of the Company and an executive Director
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing and Subscription Agreement

“Placing Agent”	UOB Kay Hian (Hong Kong) Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities
“Placing Shares”	a total of 60,000,000 Shares beneficially owned by the Vendor to be placed pursuant to the Placing and Subscription Agreement
“Placing and Subscription Agreement”	the placing and subscription agreement dated 12 June 2007 between the Vendor, the Company and the Placing Agent
“Share(s)”	ordinary share(s) of HK\$0.10 in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Placing and Subscription Agreement
“Subscription Shares”	a total of 60,000,000 new Shares, the exact number of which shall be equivalent to the number of the Placing Shares actually placed by the Placing Agent
“substantial shareholders”	having the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Fu Teng Global Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially wholly owned by Mr Yang
%	per cent.

For and on behalf of the Board of  
**Spread Prospects Holdings Limited**  
**Yang Zongwang**  
*Chairman*

Hong Kong, 14 June 2007

*As at the date of this announcement, the executive Directors are Mr Yang Zongwang, Mr Xue De Fa, Mr Xie Xi and Mr Liu Zhi Qiang and the independent non-executive Directors are Mr Tong Hing Wah, Mr Chong Hoi Fung and Mr Ng Wai Man.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

Please also refer to the published version of this announcement in China Daily.