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LOUDONG GENERAL NICE RESOURCES (CHINA) HOLDINGS LIMITED

樓東俊安資源(中國)控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 988)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

SOLE PLACING AGENT



On 19 October 2016 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place, on a best efforts basis, the Placing Shares comprising 350,000,000 new Shares at the Placing Price of HK\$0.46 per Placing Share on behalf of the Company to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties.

The Placing Price of HK\$0.46 per Placing Share represents (i) a discount of approximately 13.21% to the closing price of HK\$0.53 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 15.44% to the average of the closing prices per Share of HK\$0.544 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the maximum Placing Shares of up to 350,000,000 Shares represent approximately 8.77% of the existing issued share capital of the Company as at the date of this announcement and approximately 8.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$3,500,000.

The Placing Shares are to be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 30 May 2016.

Subject to Completion, the net proceeds of the Placing, after deduction of the placing commission and other related expenses of approximately HK\$3,500,000, will be approximately HK\$157,500,000. The Company intends to apply approximately HK\$100 million and the balance of remaining net proceeds for business development of the oil segment of the Group and general working capital of the Group respectively.

The Completion is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On 19 October 2016 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place, on a best efforts basis, the Placing Shares comprising 350,000,000 new Shares at the Placing Price of HK\$0.46 per Placing Share on behalf of the Company to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties.

THE PLACING AGREEMENT

Date: 19 October 2016

Issuer: Loudong General Nice Resources (China) Holdings Limited

Placing Agent: Zhongtai International Securities Limited

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares will be placed to not less than six (6) Placees which are individuals, institutional or other professional investor(s) and their respective subsidiaries or associates, who and whose ultimate beneficial owners are Independent Third Parties. Upon Completion, it is expected that none of the Placees will become a substantial Shareholder. If any of the Placees will become a substantial Shareholder after Completion, further announcement will be made by the Company.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the maximum Placing Shares of up to 350,000,000 Shares represent approximately 8.77% of the existing issued share capital of the Company as at the date of this announcement and approximately 8.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$3,500,000.

Placing Price

The Placing Price of HK\$0.46 per Placing Share represents (i) a discount of approximately 13.21% to the closing price of HK\$0.53 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 15.44% to the average of the closing prices per Share of HK\$0.544 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding 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 the prevailing market price of the Shares. Having taken into account of the size of the Placing Shares involved, the discount to the closing price as quoted on the Stock Exchange on the Last Trading Day and the discount to the average of the closing prices as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement, the Directors (including the independent non-executive Directors) consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Placing commission

The Placing Agent will charge the Company a placing commission calculated in accordance with the following manner:

- (1) for the Placees introduced to the Company by the Placing Agent, the Placing Agent shall be entitled to 2.0% of the aggregate Placing Price of the Placing Shares placed to such investors; and
- (2) for the Placees introduced to the Company by third parties other than the Placing Agent, the Placing Agent shall be entitled to 1.0% of the aggregate Placing Price of the Placing Shares placed to such investors.

The placing commission was negotiated on an arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares. The Directors consider that the terms of the Placing, including the placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares shall rank pari passu in all respects among themselves and with the existing issued Shares or new Shares (as the case may be) in issue on the date of allotment and issue of the Placing Shares.

Conditions of the Placing

The Placing is conditional upon

- (a) the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Placing Shares;
- (b) each of the Company and the Placing Agent having obtained all necessary consents and approvals in relation to the Placing from the relevant authorities, if applicable; and
- (c) the Placing Agreement not having been terminated in accordance with its terms.

If the above conditions are not fulfilled by the Long Stop Date, the Placing Agreement will be terminated forthwith and cease to have any effect.

Completion

The Placing shall complete on the Completion Date, which shall fall within five Business Days from the fulfilment of the conditions set out above (or such later date as may be agreed by the parties thereto).

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

General Mandate to issue the Placing Shares

The Placing Shares will be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 30 May 2016, subject to the limit up to 20% of the aggregate nominal amount of the share capital of the Company in issue on that date, which is equivalent to 798,344,474 Shares. Accordingly, the issue of the Placing Shares is not subject to Shareholders' approval.

As at the date of this announcement, the Company has not utilised the General Mandate. As such, the 350,000,000 Placing Shares to be allotted and issued pursuant to the Placing Agreement will not fully utilise the General Mandate.

Termination

The Placing Agent has the right to terminate the Placing Agreement by notice in writing given to the Company at any time up to 8:00 a.m. on the Completion Date, if in its reasonable opinion, the success of the Placing would be materially and adversely affected by any of the relevant events provided in the Placing Agreement including significant change in political and economic conditions in Hong Kong or material change in market conditions.

The Completion is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The changes of the shareholding structure of the Company as a result of the Placing (assuming no further Shares will be allotted and issue by the Company pursuant to any outstanding share options and convertible bonds (*note 1*)) are as follows:

Name of Shareholders	As at the date of this announcement		Immediately after Completion	
	<i>No. of Shares</i>	<i>Approximately</i> %	<i>No. of Shares</i>	<i>Approximately</i> %
<i>Directors</i>				
Cai Sui Xin (<i>notes 2 and 3</i>)	341,257,205	8.55	341,257,205	7.86
Zhao Cheng Shu	5,438,150	0.14	5,438,150	0.13
Lau Yu	21,448,550	0.54	21,448,550	0.49
Choy So Yuk	271,908	0.01	271,908	0.01
Leung Yuen Wing	224,213	0.01	224,213	0.01
<i>Public Shareholders:</i>				
The Placees	–	–	350,000,000	8.06
Other public Shareholders	<u>3,623,082,344</u>	<u>90.75</u>	<u>3,623,082,344</u>	<u>83.44</u>
Total	<u>3,991,722,370</u>	<u>100</u>	<u>4,341,722,370</u>	<u>100</u>

Notes:

- As at the date of this announcement, the Company has (i) outstanding share options entitling the holders thereof to subscribe for an aggregate of 4,214,351 Shares; (ii) outstanding convertible bonds in the principal amount of HK\$400,000,000 entitling the bondholder(s) thereof to convert into 1,379,310,344 Shares at conversion price of HK\$0.29 per Share; and (iii) outstanding convertible bonds in the principal amount of HK\$300,000,000 entitling the bondholder(s) thereof to convert into 797,872,340 Shares at conversion price of HK\$0.376 per Share.
- Mr. Cai Sui Xin, an executive Director, is personally interested in 7,205,545 Shares. He is also indirectly interested in 334,051,660 Shares which are beneficially owned by General Nice Resources (Hong Kong) Limited (“GNR”) and Mr. Cai Sui Xin is deemed to be interested in such Shares under the Securities and Futures Ordinance by virtue of the fact that each of General Nice Development Limited (“GND”) and General Nice Investment (China) Limited (“GNI”) holds 40% equity interest in GNR while General Nice Group Holdings Limited (“GNG”) and Mr. Cai Sui Xin hold 50% and 5% equity interests in each of GND and GNI respectively, and GNG is in turn wholly owned by Mr. Cai Sui Xin.
- Pursuant to the exchangeable bonds subscription agreement dated 18 May 2015 entered into between GNR and China Huarong International Holdings Limited, GNR has agreed to issue to China Huarong International Holdings Limited a 3-year exchangeable bonds (the “Exchangeable Bonds”) in the aggregate principal amount of HK\$100,000,000 with an initial exchange price of HK\$0.331 per Share. Upon full exercise of the Exchangeable Bonds, a total of 302,114,803 Shares will be transferred from GNR to the holders of the Exchangeable Bonds.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in coke processing and manufacture of relevant chemicals, the trading of commodities, exploration, production and sale of oil as well as the provision of well services and logistics and warehousing business.

The Board considers that the Placing represents an opportunity to raise additional funds for the Company while broadening the shareholder and capital base of the Company. Subject to Completion, the net proceeds from the Placing (assuming all the Placing Shares have been placed out), after the deduction of the placing commission and other related expenses of approximately HK\$3,500,000, are estimated to be approximately HK\$157,500,000, representing a net issue price of approximately HK\$0.45 per Placing Share.

The Company intends to apply approximately HK\$100 million and balance of remaining of the net proceeds for business development of the oil segment of the Group and general working capital of the Group respectively.

FUND RAISING ACTIVITIES OF THE GROUP IN THE PAST TWELVE MONTHS

The followings are fund raising activities of the Group during the past 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Estimated net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
24 August 2015 and 11 September 2015	Issue of convertible bonds under specific mandate	Approximately HK\$295.5 million	<ul style="list-style-type: none">80% or more of the net proceeds to finance the potential acquisition of assets or equity interests in one or more than one companies for the development of the business of the Company; andnot more than 20% as general working capital of the Group.	HK\$240,000,000 for acquisition of 70% interest of 天津物產遷安物流有限公司 (Tianjin Property Qian'an Logistics Company Limited*) through the acquisition of 100% equity interest of 天津瑞琪企業管理有限公司 (Tianjin Ruiqi Enterprise Management Company Limited*); and the remaining balance, after net of cost, was used as general working capital

* The English translation of the Chinese names are for identification purpose only, should there any inconsistencies arising therefrom, the Chinese names shall prevail.

DEFINITIONS

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

“associates”	has the meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day(s) (other than a Saturday, Sunday and public or statutory holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Loudong General Nice Resources (China) Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the main board of the Stock Exchange (stock code: 988)
“Completion”	completion of the placing of the Placing Shares in accordance with the terms and conditions as set out in the Placing Agreement
“Completion Date”	within five Business Days after the fulfilment of the conditions as set out in the Placing Agreement (or such later date as may be agreed between the Company and the Placing Agent), but in any event, the Completion should take place on or before 7 November 2016
“connected persons”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to the ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 30 May 2016 to allot, issue and deal with up to 20% of the then issued share capital of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executives, controlling Shareholders and substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Last Trading Day”	19 October 2016, being the last trading day for the Shares prior to this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 October 2016, or such later date as the Company and the Placing Agent may agree in writing
“Placees”	any individuals, institutional or other professional investor(s) or any of their respective subsidiaries or associates, who and whose ultimate beneficial owners are Independent Third Parties, to be procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares
“Placing”	the placing, on a best efforts basis, of up to 350,000,000 Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Zhongtai International Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 19 October 2016 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.46 per Placing Share

“Placing Shares”	up to 350,000,000 new Shares to be placed under the Placing
“Share(s)”	ordinary issued share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Loudong General Nice Resources (China) Holdings Limited
Lau Yu
Executive Director

Hong Kong, 19 October 2016

As at the date of this announcement, the Board consists of four executive Directors, namely Mr. Cai Sui Xin, Mr. Zhao Cheng Shu, Mr. Lau Yu and Mr. Ng Tze For, and four independent non-executive Directors, namely, Ms. Choy So Yuk, Mr. Gao Wen Ping, Mr. Leung Yuen Wing and Mr. Wu Zhao.