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中國天溢控股有限公司
China Tianyi Holdings Limited

(incorporated in the Cayman Islands with limited liability)
(Stock code: 00756)

**ISSUE OF CONVERTIBLE BONDS
UNDER GENERAL MANDATE**

SUBSCRIPTION AGREEMENT

On 9 May 2012 (after trading hours), the Company (as the issuer) entered into the Subscription Agreement with the Subscriber and Mr. Sin Ke (as the warrantor), pursuant to which the Subscriber agreed to subscribe for the Convertible Bonds in an aggregate principal amount of HK\$232,800,000.

Upon full conversion of the Convertible Bonds at the Conversion Price at HK\$1.89, a total of 123,174,603 Conversion Shares will be issued, representing approximately 10.19% of the issued share capital of the Company as at the date of this announcement and approximately 9.25% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The net proceeds from the issue of the Convertible Bonds of approximately HK\$232,600,000 will be used for the repayment of debt of the Group and for general corporate purpose.

The Conversion Shares will be allotted and issued under the General Mandate.

GENERAL

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

Completion of the Subscription is subject to fulfillment of the conditions precedent under the Subscription Agreement and parties' rights to termination under the terms and conditions of the Subscription Agreement. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

On 9 May 2012 (after trading hours), the Company (as the issuer) entered into the Subscription Agreement with the Subscriber and Mr. Sin Ke (as the warrantor), pursuant to which the Subscriber agreed to subscribe for the Convertible Bonds in an aggregate principal amount of HK\$232,800,000.

THE SUBSCRIPTION AGREEMENT

Date : 9 May 2012

Parties

Issuer : The Company

Subscriber : CITIC Capital China Access Fund Limited

Warrantor : Mr. Sin Ke

CITIC Capital China Access Fund Limited is a private investment fund managed by a subsidiary of CITIC Capital Holdings Limited. Founded in 2002, CITIC Capital Holdings Limited is an alternative investment management and advisory company engaging in private equity, real estate, structured investment and finance, asset management and ventures.

To the Directors' best knowledge, information and belief having made all reasonable enquiry, the Subscriber and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Mr. Sin Ke is the chairman of the Board and a Director. He is a controlling shareholder (as defined under the Listing Rules) of the Company.

Subscription:

The Subscriber agreed to subscribe for and the Company agreed to issue, for cash, the Convertible Bonds in the principal amount of HK\$232,800,000 at face value.

Conditions Precedent

Completion is conditional upon, among other things:

- (i) there being no change, condition, event or occurrence which, in either case, in the aggregate, is or could reasonably be expected to be material and adverse to the business, operations, assets, cash flow, liabilities, licences, permits, capitalisation, prospects or financial condition of the Group as a whole or on the ability of the Company to perform its obligations under the Subscription Agreement, on or before the date of Completion;

- (ii) the Stock Exchange having granted permission for the listing of, and permission to deal in, the Conversion Shares subject to such conditions as the Stock Exchange may impose;
- (iii) the representations and warranties by the Company and Mr. Sin Ke in the Subscription Agreement were true, correct and accurate in all material respects on the date of the Subscription Agreement, and would be true, correct and accurate in all material respects as if such representations and warranties were repeated on the date of Completion with reference to the facts and circumstances then subsisting; and
- (iv) the Subscriber being reasonably satisfied with the results of its due diligence investigations on the Group.

If any of the conditions precedent set out in the Subscription Agreement is not satisfied (or waived by the Subscriber) on or before 22 May 2012 (unless postponed by the parties to the Subscription Agreement), the obligations of the Subscriber under the Subscription shall lapse.

Completion

Completion shall take place as soon as possible after fulfillment of the conditions set out above (or such other date as the parties to the Subscription Agreement may agree but in any event no later than 22 May 2012).

Termination

The Subscription Agreement may be terminated at any time prior to the issue of the Convertible Bonds on the date of Completion if, among other things:

- (i) any representation and warranty given by any other party is or proves to be untrue, incorrect or inaccurate on the date of the Subscription Agreement or on the date of Completion;
- (ii) any other party fails to perform any of its respective obligations under the Subscription Agreement;
- (iii) any of the conditions precedent set out in the Subscription Agreement has not been satisfied or waived by the Subscriber on or before the date of Completion; or
- (iv) there shall occur any change, condition, event or occurrence which, in either case, in the aggregate, is or could reasonably be expected to be material and adverse to the business, operations, assets, cash flow, liabilities, licenses, permits, capitalisation, prospects or financial condition of the Group as a whole or to the ability of the Company to perform its obligations under the Subscription Agreement.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are summarised below:

Principal amount	HK\$232,800,000.
Issue price	100% of the principal amount of the Convertible Bonds.
Maturity	The third anniversary of the date of issue of the Convertible Bonds.
Interest	The Convertible Bonds shall bear interest at the rate of 3.5% per annum from the date of the issue of the Convertible Bonds.

Denomination	HK\$29,100,000 or integral multiples thereof.
Redemption	<p>Unless previously redeemed, converted or purchased and cancelled, any outstanding Convertible Bonds shall be redeemed at 137.5938% of the principal amount of each of the Convertible Bonds on the maturity date together with accrued but unpaid interest.</p> <p>A Bondholder may require the Company to redeem, in whole or in part, the Convertible Bonds at 137.5938% of the principal amount of such Convertible Bonds upon occurrence of the following events:</p> <p>(i) occurrence of a change in control, when:</p> <p style="padding-left: 40px;">(a) any person or persons, acting together, acquires or controls more than 30% of the voting rights of the issued share capital of the Company or the right to appoint and/or remove all or the majority of the Directors or members of the governing body of the Company (“control”) if such person or persons does not or do not have, and would not be deemed to have control of the Group on the date of issue of the Convertible Bonds; or</p> <p style="padding-left: 40px;">(b) the Group consolidates with or merges into or sells or transfers all or substantially all of the Group’s assets to any other person, unless the consolidation, merger, sale or transfer will not result in any person or persons, acting together, acquiring control over the Group or the successor entity; or</p> <p>(ii) the Shares cease to be listed or admitted to trading on the Stock Exchange or an alternative stock exchange.</p>
Conversion Period	The Bondholders have the right to convert the outstanding principal amount of the Convertible Bonds in whole or in part (in authorised denominations) into Shares at any time after the issue date up to the 5th Business Day prior to the date of maturity or if such Convertible Bond shall have been called for redemption before the date of maturity, the date being the 7th Business Day prior to the date fixed for redemption.
Conversion Price	HK\$1.89 per Conversion Share, subject to general anti-dilution adjustments such as stock split or consolidation, stock dividends, capitalization, stock issue or other events.

Negative pledge	So long as any Convertible Bonds remains outstanding and unless with the approval of holders of a majority in aggregate principal amount of the Convertible Bonds then outstanding, the Company will not, and will procure that no subsidiary will, create or permit to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest securing any obligations of any person upon the whole or any part of its undertaking, property, assets or revenues, to secure any Relevant Indebtedness, or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness, and the Company will procure that no subsidiary will guarantee any Relevant Indebtedness unless, at the same time or prior thereto, the Company's obligations under the Convertible Bonds (a) are secured equally and rateably therewith (or so guaranteed), or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by a majority of the Bondholders in writing (in terms of the aggregate outstanding principal amount of the Convertible Bonds). However, security offered by the Company's subsidiaries for bank financing in the ordinary and usual course of business is not restricted.
Transferability	The Convertible Bonds may be transferred to any of the affiliates of a Bondholder.
Voting	The Bondholders will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of them being bondholders.
Listing	No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchanges. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.
Ranking of the Convertible Bonds	The Convertible Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company, and will rank pari passu among themselves and with all other present and future direct, unsubordinated, unconditional and unsecured obligations of the Company, save for, among others, obligations as may be preferred by mandatory provisions of applicable law.
Ranking of the Conversion Shares	The Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds will rank pari passu in all respects with all other Shares outstanding at the date of conversion and be entitled to all dividends and distributions the record date for which falls on a date on or after the date of the conversion.
Consultation Right	For so long as any Convertible Bonds remain outstanding, and subject to the Listing Rules, the Memorandum and Articles of Association of the Company and the applicable laws and regulations, the Company shall procure and ensure that the Board may only pass a resolution (or propose a resolution to be put to the Shareholders) for the appointment or removal of an independent non-executive Director to the Board following prior consultation with the Bondholder.

Based upon the Conversion Price, a maximum number of 123,174,603 Conversion Shares will be allotted and issued upon full conversion of the Convertible Bonds, representing approximately 10.19% of the issued share capital of the Company of 1,208,672,727 Shares as at the date of this announcement and approximately 9.25% of the issued share capital of the Company of 1,331,847,330 Shares as enlarged by the issue of the Conversion Shares.

CONVERSION PRICE

represents:

- (i) a premium of approximately 33.10% to the closing price of HK\$1.42 per Share as quoted on the Stock Exchange on the date of this announcement;
- (ii) a premium of approximately 30.34% to the average closing price of approximately HK\$1.45 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 28.57% to the average closing price of approximately HK\$1.47 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 27.70% to the average closing price of approximately HK\$1.48 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day.

The Conversion Price was determined after arm's length negotiation between the Company and the Subscriber with reference to the prevailing market price of the Shares. The Directors consider that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately upon full conversion of the Convertible Bonds at the Conversion Price, assuming there being no other change in the issued share capital and shareholding structure of the Company since the date of this announcement and none of the Existing Bonds has been exercised (*Note 3*):

	As at the date of this announcement		Immediately upon full conversion of the Convertible Bonds	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Key Wise Group Limited (<i>Note 1</i>)	555,608,145	45.97	555,608,145	41.71
Mr. San Kwan (an executive Director) (<i>Note 2</i>)	2,600,000	0.22	2,600,000	0.20
Mr. Liao Yuang-whang (the Chief Executive Officer of the Company)	1,020,000	0.08	1,020,000	0.08
Public Shareholders				
The Subscriber	0	0	123,174,603	9.25
Other public Shareholders	649,444,582	53.73	649,444,582	48.76
Total	<u>1,208,672,727</u>	<u>100%</u>	<u>1,331,847,330</u>	<u>100%</u>

Note 1: Mr. Sin Ke beneficially owns 51% interest in Cheer Sky Limited, which in turn beneficially owns 49% interest in Key Wise Group Limited. Ms. Hong Man Na, the spouse of Mr. Sin Ke, beneficially owns 51% interest in Key Wise Group Limited. Therefore, Mr. Sin Ke is deemed, or taken to be, interested in the 555,608,145 Shares held by Key Wise Group Limited under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). In addition, Mr. Sin Ke holds 6,000,000 share options granted pursuant to the share option scheme of the Company.

Note 2: Mr. San Kwan holds 5,400,000 share options granted pursuant to the share option scheme of the Company.

Note 3: As at the date of this announcement, none of the Existing Bonds issued on 28 May 2010 as disclosed in the Company's announcements dated 14 May 2010 and 31 May 2010 respectively had been exercised.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in sale of frozen concentrated orange juice and its related products, fresh oranges, other concentrated fruit juices.

The gross proceeds from issue of the Convertible Bonds will be HK\$232,800,000. After taking into account the estimated expense of approximately HK\$200,000, the net proceeds from the Convertible Bonds of approximately HK\$232,600,000 will be used for the repayment of debt of the Group and for general corporate purpose. Assuming full conversion of the Convertible Bonds at the Conversion Price, the net price per Conversion Share will be approximately HK\$1.89.

The Directors consider that the entering into of the Subscription Agreement and the issue of the Convertible Bonds represent an opportunity to broaden the capital base of the Company and to obtain immediate funding on attractive terms. The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement are on normal commercial terms and fair and reasonable, and the Subscription and the transactions contemplated under the Subscription Agreement is in the interests of the Company and the Shareholders as a whole.

FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not carried out any fund raising activities during the 12 months immediately preceding the date of this announcement.

GENERAL

The Conversion Shares will be allotted and issued under the General Mandate.

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

Completion of the Subscription is subject to fulfillment of the conditions precedent under the Subscription Agreement and parties' rights to termination under the terms and conditions of the Subscription Agreement. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms are used in this announcement with the meanings set out below:

“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day”	a day, other than a Saturday, Sunday or another day on which commercial banks in Hong Kong are required or authorised by law or executive order to close, or a day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., Hong Kong time
“Company”	China Tianyi Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription in accordance with the terms of the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Convertible Bonds”	the 3.5% coupon convertible bonds in an aggregate principal amount of HK\$232,800,000 to be issued by the Company pursuant to the Subscription Agreement
“Conversion Price”	the initial conversion price of HK\$1.89 per Conversion Share (subject to adjustments)
“Conversion Shares”	new Shares to be allotted issued to the Bondholder(s) upon any exercise of the conversion rights attaching to the Convertible Bonds
“Director(s)”	the director(s) of the Company
“Existing Bonds”	the zero coupon convertible bonds in an aggregate principal amount of US\$22,000,000 issued by the Company pursuant to the subscription agreement dated 14 May 2010
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 10 November 2011 to allot, issue and deal with up to 204,160,000 new Shares, representing 20% of the aggregate nominal amount of the issued share capital of the Company on the date of such annual general meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Last Trading Day”	8 May 2012, being the last trading day of the Shares on the Stock Exchange prior to the date of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Relevant Indebtedness”	any present or future indebtedness in the form of, or represented by, bonds, debentures, notes or other investment securities issued by the Company or any of its subsidiaries
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	CITIC Capital China Access Fund Limited
“Subscription”	the subscription of the Convertible Bonds subject to and upon the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 9 May 2012 entered into between the Company, the Subscriber and Mr. Sin Ke in relation to the Subscription
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board
China Tianyi Holdings Limited
Sin Ke
Chairman

Hong Kong, 9 May 2012

As at the date of this announcement, the Board comprises: Mr. SIN Ke and Mr. SAN Kwan as executive Directors; and Mr. Zeng Jianzhong, Mr. ZHUANG Weidong and Mr. ZHUANG Xueyuan as independent non-executive Directors.