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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)

**SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE
AND RESUMPTION OF TRADING**

SUBSCRIPTION OF NEW SHARES

On 21 February 2014 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe 103,888,000 Subscription Shares at the Subscription Price of HK\$1.12 per Subscription Share to be satisfied in cash. The Subscription Shares represent approximately 8.43% of the existing issued share capital of the Company and approximately 7.77% of the Company's issued share capital as enlarged by the Subscription.

On 21 February 2014 (after trading hours), Mr. Sin and the Subscriber entered into the Deed of Undertaking, pursuant to which Mr. Sin undertakes, among other things, to procure the appointment of the Nominee as a non-executive Director, not to dispose or create any encumbrances on the Shares owned by Mr. Sin and any person acting in concert with him, and to pay the Shortfall to the Subscriber.

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

Shareholders and potential investors who wish to deal in the securities of the Company should note that the Subscription may or may not proceed and therefore are advised to exercise caution when dealing in the securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in its Shares has been halted with effect from 9:00 a.m. on 24 February 2014 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 25 February 2014.

SUBSCRIPTION OF NEW SHARES

The Board is pleased to announce that on 21 February 2014 (after trading hours), the Company and the Subscriber had entered into the Subscription Agreement and the principal terms and conditions of which are set out as below:

The Subscription Agreement

Date: 21 February 2014

Parties

- (i) the Subscriber
- (ii) the Company

To the best of the information, knowledge and belief of the Directors having made all reasonable enquiries, each of the Subscriber and its ultimate beneficial owners is a third party independent of and not connected with the Company and its connected persons.

Subscription Shares

103,888,000 new Shares, representing approximately 8.43% of the existing issued share capital of the Company, and approximately 7.77% of the issued share capital of the Company as enlarged by the Subscription.

Subscription Price

The Subscription Price of HK\$1.12 represents:

- (i) a discount of approximately 8.20% to the closing price of HK\$1.22 per Share as quoted on the Stock Exchange on 21 February 2014, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 6.67% to the average closing price of HK\$1.20 per Share as quoted on the Stock Exchange for the last five trading days up to and including 20 February 2014.

The Subscription Price was determined after arm's length negotiation between the Subscriber and the Company on the date of the Subscription Agreement with reference to volume weighted average price of the Shares in the 30 trading days immediately prior to the date of Subscription Agreement. The Subscription Price shall be settled in cash. The Directors consider that the Subscription Price is fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

The Subscription Shares have an aggregate market value of HK\$126,743,360, based on the closing price of HK\$1.22 per Share on 21 February 2014, being the date of the Subscription Agreement. The aggregate nominal value of the Subscription Shares is HK\$1,038,880.

General Mandate

The Subscription Shares will be allotted and issued under the general mandate granted to the Directors at the annual general meeting held on 28 October 2013. As at the date of this announcement, the Company has not utilised any of the aforementioned general mandate and the general mandate can issue up to 246,514,545 Shares. The issue of Subscription Shares is not subject to the approval of the Shareholders.

Conditions of the Subscription Agreement

Completion shall be conditional on, among other things, the following conditions being satisfied:

- (i) the Company having obtained all necessary approvals, consents and waivers from the Stock Exchange for the Subscription, the allotment and issuance of the Subscription Shares and the transactions contemplated under the Subscription Agreement and for the listing of, and permission to deal in the Subscription Shares;
- (ii) no change, event, circumstance or other matter that has, either individually or in the aggregate, a material adverse effect on the business, operations, financial condition, assets or liabilities of the Group taken as a whole which results in a net decrease in the Group's consolidated net asset value by more than 20% of its consolidated net asset value as shown in the audited financial statement of the Group for the year ended 30 June 2013 have occurred; and
- (iii) the representations and warranties of the Company under the Subscription Agreement remaining true, accurate and not misleading in all material respects.

The Subscriber may by notice in writing to the Company waive all or any of the conditions under the Subscription Agreement (other than the condition as set out under item (i) above which may not be waived). If any of the conditions under the Subscription Agreement is not fulfilled or, as the case may be, waived by the Subscriber within 14 days from the date of the Subscription Agreement, the Subscription Agreement shall automatically terminate and the parties shall be released and discharged from their respective obligations under the Subscription Agreement (without prejudice to the rights and/or obligations of any party in respect of any antecedent breach), unless the Subscriber gives a written notice to the Company to the contrary.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects with and carry the same rights as the Shares in issue on the Completion Date.

Completion

Completion will take place on the 20th Business Day (or such other time as the Company and the Subscriber may agree) immediately after the fulfillment of the conditions of the Subscription Agreement.

Appointment of Non-Executive Director

Pursuant to the Subscription Agreement, the Subscriber is entitled to nominate the Nominee as a non-executive Director. To the fullest extent permitted by law and the Listing Rules, the Company shall, as soon as reasonably practicable and in any event not later than the next annual general meeting of the Company, take all necessary steps and actions to, among other things, convene a meeting of the Board or a Board committee to approve the appointment of the Nominee as a non-executive Director. The Nominee shall be suitable to be appointed in accordance with the Listing Rules and the memorandum and articles of association of the Company.

The Company shall also recommend to the Shareholders to ratify the appointment of the Nominee as a non-executive Director at the next following general meeting of the Company. The Subscriber is entitled to cause the Nominee to resign, and upon which the Subscriber is entitled to immediately nominate another person as a non-executive Director as it may determine from time to time.

DEED OF UNDERTAKING

Date: 21 February 2014

Parties

- (i) Mr. Sin
- (ii) the Subscriber

On 21 February 2014 (after trading hours), Mr. Sin and the Subscriber had entered into the Deed of Undertaking. Set out below are, among others, the undertakings by Mr. Sin as provided in the Deed of Undertaking.

Appointment of Non-Executive Director

To the fullest extent permitted by law and the Listing Rules, Mr. Sin undertakes to use his best endeavours to, as soon as reasonably practicable and in any event not later than the next annual general meeting of the Company, to procure the appointment of the Nominee as a non-executive Director as provided in the Subscription Agreement.

Disposition of Shares

Mr. Sin undertakes that he shall not, and shall procure that all persons acting in concert (as defined under the Code on Takeovers and Mergers) with him shall not, at any time from the date of the Subscription Agreement up to the expiry of the Period, dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares or any interest therein owned by him or any person acting in concert with him without the prior written consent of the Subscriber.

Yield of the Subscription Shares

Pursuant to the Deed of Undertaking, if the Subscriber sells any of the Subscription Shares and the Additional Shares during the Period at a price per Share of less than HK\$1.70, Mr. Sin undertakes to pay to the Subscriber the shortfall amount, being the sale proceeds which the Subscriber would have otherwise received if the relevant Subscription Shares or Additional Shares had been sold at HK\$1.70 per Share, less the aggregate of the actual sale proceeds received by the Subscriber and all dividends or distribution previously received by the Subscriber in respect of such Subscription Shares or Additional Shares sold (the “Shortfall”).

The Shortfall shall be paid by Mr. Sin within 14 days after the date of a statement of account to be provided by the Subscriber which sets out the price and number of the Subscription Shares and Additional Shares sold by the Subscriber.

In cases of Prolonged Suspension or Delisting, the Subscriber is deemed to have sold all Subscription Shares and Additional Shares owned by the Subscriber on the day following on the third anniversary of the Completion Date at the price of HK\$0 per Share. Mr. Sin undertakes to pay the Subscriber the Shortfall on such basis.

In any event, Mr. Sin shall not be liable to pay any Shortfall to the Subscriber if the average closing price of the Shares over any sixty consecutive trading days of Stock Exchange at any time after the Completion Date and before the expiry of third anniversary of the Completion Date is higher than HK\$3.40.

Shareholders and potential investors who wish to deal in the securities of the Company should note that the Subscription may or may not proceed and therefore are advised to exercise caution when dealing in the securities of the Company.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION

Set out below is the table of the shareholdings in the Company before and after Completion:

	Shareholding as at the date of this announcement		Shareholding upon Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Key Wise Group Limited ("Key Wise") (<i>Note</i>)	559,712,145	45.41	559,712,145	41.88
Mr. San Kwan	2,600,000	0.21	2,600,000	0.20
Mr. Liao Yuang-whang	3,060,000	0.25	3,060,000	0.23
Subscriber	–	–	103,888,000	7.77
Public Shareholders	<u>667,200,582</u>	<u>54.13</u>	<u>667,200,582</u>	<u>49.92</u>
Total	<u>1,232,572,727</u>	<u>100</u>	<u>1,336,460,727</u>	<u>100</u>

Note:

These 559,712,145 Shares are held by Key Wise, which is owned as to 49% by Cheer Sky Limited which is in turn owned as to 51% by Mr. Sin, an executive Director. Therefore, Mr. Sin was deemed, or taken to be, interested in the 559,712,145 Shares held by Key Wise by virtue of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save as disclosed in this announcement, the Company has not carried out any other fund raising activities during the 12 months immediately preceding the date of this announcement.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in processing and selling of orange juice and its related products, including fresh oranges and orange peels.

The total funds to be raised and the net proceeds from the Subscription are expected to be approximately HK\$116,354,560 and HK\$115,954,560 respectively. It is expected that the net proceeds from the Subscription will be used by the Company for the capital expenditure and working capital, and other general business purposes.

The Directors consider that the entering into of the Subscription Agreement represents an opportunity to broaden the capital base and the Shareholder base of the Company by bringing in an international top notch investor like the Subscriber, Templeton Strategic Emerging Markets Fund, IV, LDC. Following the Completion, the Subscriber will be entitled to nominate the Nominee to join the Board as a non-executive Director which will increase the quality and governance of the Board. In view of the above, 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 are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE SUBSCRIBER

The Subscriber is a fund formed to make strategic investments throughout emerging markets. The Subscriber is managed by Templeton Asset Management Ltd's Emerging Markets Group, which has more than 50 investment professionals based in 18 offices located throughout emerging market countries. Templeton Emerging Markets Group is headed by Dr. Mark Mobius, who has over 40 years of emerging markets investment experience. The group manages over US\$47 billion as of December 31, 2013.

Franklin Resources, Inc. [NYSE:BEN] is a global investment management organization operating as Franklin Templeton Investments. Franklin Templeton Investments provides global and domestic investment management solutions managed by its Franklin, Templeton, Mutual Series, Bissett, Fiduciary Trust, Darby, Balanced Equity Management and K2 investment teams. Franklin Resources, Inc. has more than 65 years of investment experience and over \$850 billion in assets under management by its subsidiaries as of January 31, 2013.

RESUMPTION OF TRADING

At the request of the Company, trading in its Shares has been halted with effect from 9:00 a.m. on 24 February 2014 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 25 February 2014.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Additional Shares”	all (if any) Shares derived from any sub-division, consolidation or re-classification of the Subscription Shares (excluding the Subscription Shares) and/or any additional shares acquired by the Subscriber pursuant to a capitalisation issue by virtue of its ownership of the Subscription Shares (excluding the Subscription Shares)
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday, Sunday and public holiday) on which banks are generally open for business in Hong Kong
“Company”	China Tianyi Holdings Limited (Stock Code: 756), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement

“Completion Date”	date of Completion
“Deed of Undertaking”	the deed of undertaking dated 21 February 2014 entered into between Mr. Sin and the Subscriber
“Delisting”	the circumstances where the Shares (or any shares derived from any sub-division, consolidation or re-classification of the Shares) cease to be listed on the Main Board of the Stock Exchange on the day following on the third anniversary of the Completion Date or at any time within three (3) months thereafter
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Sin”	Mr. Sin Ke, an executive Director, the chairman of the Board, the president of the Company and a controlling shareholder (as defined under the Listing Rules) of the Company as at the date of this announcement
“Nominee”	the person whom the Subscriber is entitled to nominate as a non-executive Director pursuant to the Subscription Agreement and the Deed of Undertaking
“Period”	the period of three months after the expiry of the third anniversary of the Completion Date, provided that if the trading of the Shares (or any shares derived from any sub-division, consolidation or re-classification) on the Stock Exchange is suspended on any trading day (or any part thereof) of the Stock Exchange during such period, such period shall be extended by such number of days on which trading is so suspended, and there shall be no such extension in cases of Prolonged Suspension or Delisting
“Prolonged Suspension”	the circumstances where trading of the Shares on the Stock Exchange is suspended for the entire period of three months after the expiry of the third anniversary of the Completion Date

“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Templeton Strategic Emerging Markets Fund, IV, LDC, a limited duration company incorporated under the laws of the Cayman Islands
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 21 February 2014 entered into between the Company and the Subscriber in relation to the subscription of 103,888,000 Subscription Shares
“Subscription Price”	HK\$1.12 per Subscription Share
“Subscription Shares”	103,888,000 new Shares to be allotted and issued under the Subscription
“%”	per cent.

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

Hong Kong, 24 February 2014

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.