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## **TIME INFRASTRUCTURE HOLDINGS LIMITED**

**太 益 控 股 有 限 公 司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 686)**

### **SECOND SUPPLEMENTAL AGREEMENT FOR THE VERY SUBSTANTIAL ACQUISITION**

#### **SECOND SUPPLEMENTAL AGREEMENT**

The Board wishes to announce that on 22 September 2010, the Second Supplemental Agreement was entered into among the Vendors, the Company and the Purchaser, *inter alia*, to amend certain provisions of the Acquisition Agreement relating to the adjustment mechanism to the Consideration and to handle, *inter alia*, certain defects and outstanding matters based on the legal opinion of the PRC legal adviser and under the due diligence work and to handle the outstanding amount between the Target Group and any of the connected persons (as defined under Chapter 14A of the Listing Rules) of the Target Group or the Vendors.

Reference is made to the announcements of the Company dated 19 July 2010 (the “Announcement”) and 9 August 2010 and the circular of the Company dated 25 September 2010 (the “Circular”) in respect of the Acquisition. Capitalized terms used herein shall have the same meaning ascribed to them in the Circular unless the context otherwise defined.

#### **SECOND SUPPLEMENTAL AGREEMENT**

On 22 September 2010, a second supplemental agreement (the “Second Supplemental Agreement”) was entered into among the Vendors, the Company and the Purchaser, *inter alia*, (i) to amend certain provisions of the Acquisition Agreement relating to the adjustment mechanism to the Consideration; (ii) to handle, *inter alia*, certain defects and outstanding matters based on the legal opinion of the PRC legal adviser and under the due diligence work; and (iii) to handle the outstanding amount between the Target Group and any of the connected persons (as defined under Chapter 14A of the Listing Rules) of the Target Group or the Vendors.

## **Revision of the settlement method in respect of the adjustment to the Consideration**

As disclosed in the Announcement, pursuant to the Acquisition Agreement, the Vendors have undertaken to pay to the Purchaser, within 90 days from being notified by the Purchaser and upon receiving the Audited Accounts, the Reduced Amount, which shall be satisfied in the following order of priority:

- (a) by reducing the principal amount of the Convertible Note in the sum equal to the Reduced Amount; and
- (b) in the event that the principal amount of the Convertible Note is not sufficient to meet the Reduced Amount, by way of cash as to the remaining balance subject to a maximum limit of HK\$150,000,000;

provided that, in case of any Reduced Amount, the Vendors shall return the note certificate to the Purchaser within 90 days from the date of notification by the Purchaser as aforesaid for cancellation by the Company; and should there be any outstanding balance after reducing the principal amount of the Convertible Note, the Purchaser shall deliver to the Vendors within 30 days from the date of return of the note certificate by the Vendors, a new note certificate in the principal amount equal to such outstanding balance; and should the principal amount of the Convertible Note be not sufficient to meet the Reduced Amount, the Vendors shall pay to the Purchaser a sum equal to the Reduced Amount less the principal amount of the Convertible Note within 30 days from the date of return of the note certificate by the Vendors, such payment to be subject to a maximum limit of HK\$150,000,000.

Under the Acquisition Agreement, as the Reduced Amount is first satisfied by reducing the principal amount of the Convertible Note, the conversion feature of the Convertible Note is accounted for as a financial derivative instrument rather than in equity under Hong Kong Financial Reporting Standards because the number of Shares to be issued to settle the Convertible Note is not fixed on the issuance date of the Convertible Note. This financial derivative instrument is required to be measured at fair value on each subsequent balance sheet date and the changes of its fair value would be recognized in the income statement of the Company. In order to avoid the volatility of the Company's operating performance arising from the changes in fair value of this financial derivative instrument, the parties to the Acquisition Agreement agreed to enter into the Second Supplemental Agreement to amend the adjustment mechanism of the Reduced Amount while keeping the calculation basis of the Reduced Amount unchanged. The adjustment mechanism is amended as follows:

Under the Second Supplemental Agreement, the Vendors have undertaken to pay to the Purchaser, within 90 days from being notified by the Purchaser and upon receiving the Audited Accounts, the Reduced Amount, which shall be satisfied in cash subject to a maximum limit of HK\$1,000,000,000.

## **Defects and outstanding matters**

The defects and outstanding matters are disclosed as risk factors in the Circular under the section headed "Risks Relating to the Business of the Goldpoly Group", including the risk that member of Goldpoly Group has not obtained the permits for sewage emission and only has a temporary licence for pollutants emission for its production and operation process, the risks relating to the expiry of the project approval documents of the member of Goldpoly Group, the risk that member of Goldpoly Group has not obtained the housing ownership certificate for its factories and auxiliary properties, the

risk that member of Goldpoly Group has not obtained the approval for the delay in construction, the risk that application for land use right made by a member of Goldpoly Group may not be approved, the risk that members of the Goldpoly Group in the PRC have not fully paid the social insurance and housing funds for its staffs and the risk that members of Goldpoly Group in PRC have not fully paid the registered capital.

Under the Second Supplemental Agreement, the Vendors jointly and severally, unconditionally and irrevocably have undertaken to the Purchaser that the Vendors will jointly and severally rectify and resolve the defects and outstanding matters regarding members of the Goldpoly Group in the PRC having not fully paid the social insurance and housing funds for its staffs to the reasonable satisfaction of the Purchaser before the date of Acquisition Completion or, in the event that the Vendors being unable to rectify and resolve such defects and outstanding matters within the aforesaid stipulated timeline as a result of any delay caused by the relevant PRC governmental or regulatory authority(ies) or any relevant third party(ies) or otherwise, such later date as the parties may agree in writing and rectify and resolve the other defects and outstanding matters as mentioned above to the reasonable satisfaction of the Purchaser before the expiry of twelve (12) months after the date of Acquisition Completion or, in the event that the Vendors being unable to rectify and resolve such defects and outstanding matters within the aforesaid stipulated timeline as a result of any delay caused by the relevant PRC governmental or regulatory authority(ies) or any relevant third party(ies) or otherwise, such later date as the parties may agree in writing. The Vendors undertake to jointly and severally indemnify and keep indemnified the Purchaser at all times and holds it harmless from and against any loss or liability which the Purchaser or any member of the Group may suffer or have incurred as a result of such defects and outstanding matters.

#### **Settlement of the outstanding amount between the Target Group and any of the connected persons of the Target Group or the Vendors**

Under the Second Supplemental Agreement, the Vendors jointly and severally undertake to the Purchaser that save for the amount of RMB43,800,000 due and owing to 金保利(廈門)商貿有限公司 (Goldpoly (Xiamen) Enterprises Limited), a company controlled by Mr. Hung, by the Goldpoly Group, (i) all outstanding loan/payable owing by the Target Group to any of the connected persons of the Target Group or the Vendors; and (ii) any outstanding loan/payable owing by any of the connected persons of the Target Group or the Vendors to the Target Group, shall be settled entirely before the date of Acquisition Completion.

Based on the aforesaid, the Directors consider that the terms of the Second Supplemental Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Save as modified by the Second Supplemental Agreement, all other terms of the Acquisition Agreement shall remain unchanged and continue in full force and effect.

On behalf of the Board  
**TIME INFRASTRUCTURE HOLDINGS LIMITED**  
**Wong Pak Lam, Louis**  
*Chairman*

Hong Kong, 25 September 2010

*As at the date of this announcement, the executive Directors are Mr. Wong Pak Lam, Louis, Ms. Lin Xia Yang, Mr. Wong Kwong Lung, Terence, Mr. Lam Ho Fai and Mr. Gu Zhi Hao, and the independent non-executive Directors are Mr. Chan Ka Ling, Edmond, Mr. Lo Wa Kei, Roy and Mr. Ching Kwok Ho, Samuel.*

\* *for identification purpose only*