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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)**

### **ISSUE OF CONVERTIBLE DEBENTURES UNDER GENERAL MANDATE**

On 16 April 2010 after trading hours, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for, on each Completion Date, the amount of Convertible Debentures specified in each Drawdown Notice. The aggregate principal amount of the Convertible Debentures issued pursuant to all Drawdown Notices will not exceed HK\$25,000,000, bear interest at 3% and due on 7 November 2011. The Convertible Debentures, when issued, will confer upon the Convertible Debentures holder the rights to convert all or part of the Convertible Debentures with an issue size of HK\$1,000,000 into Conversion Shares at the Conversion Price.

The estimated net proceeds from the issue of Convertible Debentures of approximately HK\$24,400,000 will be used as general working capital of the Group.

For illustration purpose only, assuming full conversion of the Convertible Debentures at HK\$0.595 per Share, a total of 42,016,806 new Shares will be allotted and issued, representing approximately 16.89% of the issued share capital of the Company as at the date of this announcement and approximately 14.45% of the issued share capital of the Company as enlarged by such conversion.

The Conversion Shares will be allotted and issued under the General Mandate, the issue of Convertible Debentures is not subject to the Shareholders' approval.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

\* *For identification purpose only*

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## **THE SUBSCRIPTION AGREEMENT**

Date : 16 April 2010

Issuer : the Company

Subscriber : Kwai Yan Assets Limited

The Subscriber is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. To the best of the Director's knowledge, information and belief, and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are third parties independent of the Group and its connected persons.

### **Conditions Precedent**

Completion of the subscription of any Convertible Debentures is conditional upon:

- (1) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares;
- (2) the Board approving and authorizing the execution and completion of the Subscription Agreement and the creation and issue of the Convertible Debentures and the allotment and issue of new Shares on the exercise of the Conversion Rights attaching to the Convertible Debentures;
- (3) none of the representations, warranties and undertakings prescribed in the Subscription Agreement having been breached in any material aspects (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect; and
- (4) if applicable, the approval of the Bermuda Monetary Authority in respect of the issue and allotment of the Conversion Shares.

If any of the Conditions Precedent is not fulfilled (or as to the Conditions Precedent (3) and (4) above being waived by the Subscriber in writing) on or before 5:00 p.m. (Hong Kong time) on 7 May 2010 or such other date as may be agreed in writing by the Subscriber and the Company, the Subscription Agreement may be terminated by notice in writing by the Subscriber and the parties to the Subscription Agreement will be released from all obligations thereunder.

## Completion

Subject to the Conditions Precedent being fulfilled or (as the case may be) waived by the Subscriber, Completion in respect of the Convertible Debentures specified in each Drawdown Notice shall take place on the relevant Completion Date.

## Principal terms of the Convertible Debentures

The principal terms of the Convertible Debentures are summarized below:

Principal amount	Up to HK\$25,000,000.
Issue price	100% of the principal amount of the Convertible Debentures.
Interest	The Convertible Debentures shall bear interest from, and including the respective dates of their issues at the rate of 3% per annum of the outstanding principal amount of the Convertible Debentures. Interest shall be payable on the 31 March, 30 June, 30 September and 31 December of each calendar year.
Maturity Date	7 November 2011.
Conversion Period	The Convertible Debentures will be convertible during the period commencing from 3:00 p.m. (Hong Kong time) on the date of issue of such Convertible Debentures up to 4:00 p.m. (Hong Kong time) on the Maturity Date.
Conversion Price	<p>The Conversion Price shall be HK\$0.595 per Conversion Share, which represents:</p> <ul style="list-style-type: none"><li>(i) a discount of 19.59% to the closing price of HK\$0.74 per Share quoted on the Stock Exchange on the Last Trading Day;</li><li>(ii) a discount of approximately 18.27% to the average closing price of HK\$0.728 per Share quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day; and</li><li>(iii) a discount of approximately 14.76% to the average closing price of HK\$0.698 per Share quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day.</li></ul>

The Conversion Price was determined after arm's length negotiations between the Company and the Subscriber taking into account of the prevailing market prices of the Shares.

Conversion Rights	<p>At any time during the Conversion Period, the Convertible Debentures holder shall have the right to convert the whole or part of the principal amount of the Convertible Debentures (in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion) into Conversion Shares.</p> <p>No Conversion Right may be exercised, to the extent that following such exercise, a Convertible Debentures holder would have a notifiable interest in the relevant share capital of the Company (as defined under Part XV of the SFO).</p>
Conversion Shares	<p>For illustration purpose only, assuming full conversion of the Convertible Debentures at HK\$0.595 per Share, a total of 42,016,806 new Shares will be allotted and issued, representing approximately 16.89% of the issued share capital of the Company as at the date of this announcement and approximately 14.45% of the issued share capital of the Company as enlarged by such conversion.</p>
Status	<p>The Convertible Debentures constitute direct, unconditional, unsubordinated and unsecured obligations of the Company, and shall rank at least equally with all its other present or future unsecured and subordinated obligations save for such exceptions as may be provided by applicable legislation.</p>
Listing	<p>No application will be made for a listing of the Convertible Debentures on the Stock Exchange or any other stock exchanges. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.</p>
Ranking of Conversion Shares	<p>The Conversion Shares, when allotted and issued upon the exercise of the Conversion Rights, shall rank pari passu in all respects with all other issued Shares at the date of the relevant conversion and shall be entitled to all dividends and other distributions declared, paid or made on or after the date of the relevant conversion.</p>
Redemption	<p><b>Redemption Right</b></p> <p>By giving not less than 7 nor more than 14 days' notice, the Company shall have the right at any time to redeem the whole or part of the outstanding Convertible Debentures at the aggregate amount of (a) 105% of the principal amount of the outstanding Convertible Debentures to be redeemed and (b) the interest accrued on the outstanding principal amount. Any redemption shall be made in amounts of not less than a whole multiple of HK\$1,000,000.</p>

### **Mandatory Redemption**

Upon the occurrence of an event of default as stipulated in the instrument of the Convertible Debentures and at any time thereafter, the Convertible Debentures holder may, unless such event of default has been waived in writing by it, by notice in writing require the Company to redeem the whole (but not part) of the Convertible Debentures at the aggregate amount of (a) 105% of the outstanding principal amount and (b) the interest accrued on the outstanding principal amount.

Any Convertible Debentures which remain outstanding at 4:00 p.m. (Hong Kong time) on the Maturity Date shall be redeemed by the Company at a redemption amount equal to the principal amount of the Convertible Debentures together with interest accrued thereon on the Business Day immediately following the Maturity Date.

### **Partial Mandatory Redemption**

If the Company is unable, other than by reason of the default of the Convertible Debentures holder in the performance of its obligation described in the instrument of the Convertible Debentures, to perform its obligations regarding the issue, deposit and delivery of that number of Conversion Shares specified in a conversion notice received from the Convertible Debentures holder, which exceeds such number of unissued Shares for which the Board has been authorized by the Shareholders in general meeting to allot, issue and deal with for the time being and/or for which approval for listing (and permission to deal in) has been granted by the Listing Committee of the Stock Exchange within the 60 day postponement period, the Company shall be obliged to redeem such outstanding principal amount of the Convertible Debentures purported to be converted under the relevant conversion notice which may otherwise result in the allotment and issue of such excess number of Conversion Shares at the aggregate amount of (a) 105% of the outstanding principal amount and (b) the interest accrued on the outstanding principal amount, within two Business Days falling after the expiry of the 60 day postponement period.

The Convertible Debentures holder shall have the right at any time after three months from the Completion Date to require the Company to redeem the whole or part of the outstanding Convertible Debentures at face value together with interest accrued thereon by giving not less than 60 days' notice (which cannot in any event be given at any time before the expiry of three months from the Completion Date) and in amounts of not less than a whole multiple of HK\$1,000,000.

## Transferability

No assignment or transfer (whether in whole or in part(s)) of the Convertible Debentures may be made unless it is made to person(s) independent of and not connected with the Group or any of the Directors, chief executive and substantial Shareholders of the Company or any of its subsidiaries or any of their respective associates (as such terms are defined in the Listing Rules). Subject to the foregoing, the Convertible Debentures may be assigned or transferred in whole or in part in principal amount of not less than a whole multiple of HK\$1,000,000, and if its outstanding principal amount is less than HK\$1,000,000, the whole of the outstanding principal amount shall be assigned or transferred, and the Company shall facilitate any such assignment or transfer of the Convertible Debentures, including making any necessary applications to the Stock Exchange for the said approval.

## Voting

The Convertible Debentures holder will not be entitled to attend or vote at any meetings of the Company by reason only of it being the holder of the Convertible Debentures.

## **General Mandate to issue Conversion Shares**

The Conversion Shares will be allotted and issued under the General Mandate, under which the Directors have been authorized to allot and issue up to 49,768,000 new Shares. The Directors have not exercised the power to allot and issue any new Shares pursuant to the General Mandate prior to the date of this announcement. As the Conversion Shares will be allotted and issued under the General Mandate, the issue of Convertible Debentures and the Conversion Shares (if any) is not subject to the Shareholders' approval.

## **REASONS FOR THE ISSUE OF THE CONVERTIBLE DEBENTURES AND USE OF PROCEEDS**

The Group is principally engaged in fashion apparel and retail business.

The gross proceeds from the Convertible Debentures will be HK\$25,000,000. After taking into account the estimated expenses of approximately HK\$600,000 in relation to the execution of the Subscription Agreement and the issue of the Convertible Debentures and assuming that Drawdown Notice(s) in respect of a total of HK\$25,000,000 Convertible Debentures is/are served by the Company, , the net proceeds from the Convertible Debentures of approximately HK\$24,400,000 will be used as the Group's general working capital. Based on the net proceeds of approximately HK\$24,400,000 and, for illustration purpose only, 42,016,806 new Shares to be issued upon full conversion of the Convertible Debentures at HK\$0.595, the net price per Share to be issued will be approximately HK\$0.581.

The Directors consider that the arrangement under the Subscription Agreement provides the Group with flexibility in raising additional short term financing at the discretion of the Company by serving Drawdown Notice(s), and the financial position of the Group will be strengthened upon issue of the Convertible Debentures (if any). The Directors are also of the view that if any outstanding principal amounts of the Convertible Debentures are converted into Conversion Shares, the Group's capital base as well as base of shareholders will be enhanced. Accordingly, the Directors (including the independent non-executive Directors) consider that the execution of the Subscription Agreement and the issue of Convertible Debentures are in the interest of the Company and the Shareholders as a whole and the terms and conditions of the Subscription Agreement and the Convertible Debentures (including the Conversion Price) are fair and reasonable as far as the Shareholders are concerned.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) as at the date of this announcement and (ii) upon full conversion of the Convertible Debentures (for illustration purpose only, assuming the Conversion Price is HK\$0.595 per Conversion Share and there is no exercise of the outstanding options of the Company):

Shareholders	(i) As at the date of this announcement		(ii) Upon full conversion of the Convertible Debentures	
	No. of Shares	%	No. of Shares	%
Ti Yu Investment Limited <i>(Note i)</i>	84,004,000	33.76	84,004,000	28.88
Asian Harvest Enterprises Limited <i>(Note ii)</i>	30,000,000	12.06	30,000,000	10.31
The Subscriber and its ultimate beneficial owners <i>(Note iii)</i>	8,396,000	3.37	50,412,806	17.34
Public	126,440,000	50.81	126,440,000	43.47
Total	<u>248,840,000</u>	<u>100.00</u>	<u>290,856,806</u>	<u>100.00</u>

Notes:

- i. Mr. Wong Pak Lam, Louis, an executive Director, holds 100% of the shares in issue of Ti Yu Investment Limited and therefore has a controlling interest in it. By virtue of the SFO, Mr. Wong Pak Lam, Louis is taken to be interested in the Shares held by Ti Yu Investment Limited.
- ii. Mr. Gu Zhi Hao, an executive Director, is the 100% beneficial owner of Asian Harvest Enterprises Limited and therefore has a controlling interest in it. By virtue of the SFO, Mr. Gu Zhi Hao is taken to be interested in the Shares held by Asian Harvest Enterprises Limited.

- iii. Mr. Ip Chun Chung Robert and Ms. Yip Yan are the beneficial owners of the Subscriber. As at the date of this announcement, Mr. Ip Chun Chung Robert holds 8,396,000 Shares and 1,094,000 share options of the Company.

## **FUND RAISING ACTIVITY IN THE PAST TWELVE MONTHS**

The Company has not carried out any fund raising activities within the twelve months prior to the date of this announcement.

## **APPLICATION FOR LISTING**

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 Conversion Shares.

## **DEFINITIONS**

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday) on which banks in Hong Kong are generally open for banking business throughout their normal business hours
“Company”	Time Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“Completion”	completion of the subscription of any Convertible Debentures to be subscribed pursuant to the Drawdown Notice(s)
“Completion Date”	the day specified by the Company in each Drawdown Notice, being one Business Day after the date of receipt or deemed receipt of the Drawdown Notice by the Subscriber
“Conditions Precedent”	the conditions precedent for Completion to take place as set out in the paragraph headed “Conditions Precedent” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Period”	the period commencing from 3:00 p.m. (Hong Kong time) on the date of issue of such Convertible Debentures up to 4:00 p.m. (Hong Kong time) on the Maturity Date



“Conversion Price”	the conversion price of the Convertible Debentures per Conversion Share, being HK\$0.595 per Conversion Share
“Conversion Rights”	the right of each Convertible Debentures holder to convert the whole or part of the principal amount of the Convertible Debentures into Conversion Shares subject to the respective terms and conditions of the Subscription Agreement and the Convertible Debentures
“Conversion Share(s)”	new Shares to be allotted and issued upon any exercise of the Conversion Rights at the Conversion Price
“Convertible Debentures”	the convertible debentures in an aggregate principal amount up to HK\$25,000,000 with 3% interest to be issued by the Company to the Subscriber under the terms and conditions of the Subscription Agreement
“Director(s)”	the director(s) of the Company
“Drawdown Notice”	a notice to be served by the Company requiring the Subscriber to subscribe for the Convertible Debentures in the denomination of HK\$1,000,000 each, in registered form and comprising up to a total principal amount of HK\$25,000,000
“General Mandate”	the general mandate granted by the Shareholders to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting held on 12 June 2009 to allot and issue up to a maximum of 49,768,000 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on that date
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	16 April 2010, being the last trading day of the Shares and the date of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

“Share(s)”	ordinary share(s) of HK\$0.10 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
“Subscriber”	Kwai Yan Assets Limited, a company incorporated in the British Virgin Islands
“Subscription Agreement”	the subscription agreement dated 16 April 2010 entered into between the Company and the Subscriber in relation to the subscription of the Convertible Debentures
“%”	per cent

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

Hong Kong, 16 April 2010

*As at the date of this announcement, the executive Directors are Mr. Wong Pak Lam, Louis (Chairman), Ms. Lin Xia Yang (Chief Executive Officer), 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.*