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**CHINA SONANGOL RESOURCES ENTERPRISE LIMITED**

**安中資源實業有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1229)**

**ANNOUNCEMENT**

**CONNECTED TRANSACTION**

**PROPOSED EXTENSION OF THE MATURITY DATE OF  
HK\$200,000,000 ZERO COUPON  
CONVERTIBLE BOND DUE 2011**

**EXTENSION OF TERM OF THE CONVERTIBLE BOND**

On 11 February 2011, the Company and Ascent Goal Investments Limited (the “**Subscriber**”) entered into a Deed of Amendment to extend the maturity date of the Convertible Bond for 36 months and the conversion period will accordingly be extended for 36 months to 13 March 2014 (the “**Extension**”).

## **LISTING RULES IMPLICATIONS**

Pursuant to Rule 16.03 of the Listing Rules, any alteration in the terms of convertible equity securities after issue must be approved by the Stock Exchange, except where alterations take effect automatically under the existing terms of such convertible equity securities. The Company will apply to the Stock Exchange for its approval of the proposed amendments contemplated by the Deed of Amendment pursuant to Rule 16.03 of the Listing Rules.

As the Subscriber is also a Substantial Shareholder of the Company, the Subscriber is thereby a connected person of the Company under the Listing Rules. The Extension to be effected by the Deed of Amendment between the Company and the Subscriber constitutes a connected transaction of the Company. Therefore, the Extension is subject to reporting and announcement requirement, as well as approval by the independent Shareholders at a SGM, under the Listing Rules. The Company will establish an independent board committee and will appoint an independent financial adviser to advise the independent Shareholders and the independent board committee regarding the Extension. The Subscriber and its associates will abstain from voting in respect of the resolution approving the Extension and the transaction contemplated thereunder at the SGM.

A circular containing details of the Convertible Bond, the Extension, and the respective letters of advice from the independent board committee and the independent financial adviser will be dispatched to the Shareholders as soon as practicable in accordance with the requirement set out in the Listing Rules.

## **BACKGROUND INFORMATION**

The Company refers to its announcement dated 28 January 2008 and its circular dated 21 February 2008. As described in the Circular, the Company issued the Convertible Bond to the Subscriber in an aggregate principal amount of HK\$200,000,000. The Convertible Bond bears no interest and are convertible into shares of the Company. As at the date of this announcement, the Convertible Bond with an aggregate amount of HK\$200,000,000 held by the Subscriber is still outstanding. All outstanding Convertible Bond will mature on 13 March 2011 pursuant to the original terms and conditions of the Convertible Bond.

For further details of the Convertible Bond, please refer to the Circular.

## DEED OF AMENDMENT

On 11 February 2011, the Company and the Subscriber entered into a Deed of Amendment to extend the maturity date of the Convertible Bond for 36 months and the conversion period will accordingly be extended for 36 months to 13 March 2014. Subject to the conditions below, the Subscriber has approved the Extension.

The Deed of Amendment will only become effective upon all the following conditions having been fulfilled:

- (a) the Company having convened a special general meeting at which resolutions shall have been duly passed by the independent Shareholders to approve and ratify the Deed of Amendment;
- (b) the Stock Exchange having approved the Extension pursuant to Rule 16.03 of the Listing Rules; and
- (c) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Extension having been obtained.

Apart from the Extension, all terms of the Convertible Bond remain unchanged from the original terms.

The principal terms of the Convertible Bond after the Deed of Amendment becomes effective are as follows:

Principal amount	HK\$200,000,000.
Coupon	The Convertible Bond will bear no interest.
Maturity	the Company shall repay the principal amount of the outstanding Convertible Bond to the then holder of the Convertible Bond in full on the maturity date, being the date falling 36 months from the date of issue of the Convertible Bond certificate, unless previously converted. The original maturity date of 13 March 2011 is to be extended for another 36 months upon its expiry to a new maturity date of 13 March 2014.

## Conversion

The holders of the Convertible Bond may convert the whole or part of the principal amount of the Convertible Bond (in multiples of HK\$1,000,000) into such number of Shares determined by dividing the principal amount of the Convertible Bond being converted by the Conversion Price then in effect.

## Conversion Price

HK\$0.20 per Conversion Share, subject to adjustment provisions which are normal for convertible debt securities of this type and, in summary, an adjustment may be made in the event of:

- (i) any consolidation or sub-division of the Shares;
- (ii) any issue of Shares (other than in lieu of a cash dividend) by way of capitalization of profits or reserves;
- (iii) any capital distribution to holders of the Shares or grant to such holders rights to acquire assets of the Group for cash;
- (iv) any offer to holders of the Shares for subscription by way of rights or grant to holders of the Shares any options or warrants to subscribe for new Shares at a price which is less than 90% of the market price as at the date of the related announcement;
- (v) the issue by the Company wholly for cash of any securities which are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share initially receivable for such securities is less than 90% of the market price as at the date of the related announcement;

- (vi) the rights of conversion or exchange or subscription attached to such securities mentioned in (v) above are modified so that the total effective consideration per Share initially received for such securities shall be less than 90% of the market price at the date of the related announcement; or
- (vii) any issue of Shares wholly for cash at a price per Share which is less than 90% of the market price at the date of the related announcement.

Conversion period

The Conversion Period is a period commencing from the date of issue of the Convertible Bond certificate and ending on a date falling 36 months of the date of issue of the Convertible Bond certificate. The Conversion Period is to be extended for 36 months upon its expiry which is 13 March 2014 following the Extension pursuant to the Deed of Amendments.

Redemption

Neither the Company nor the holder of Convertible Bond shall at any time redeem (all or part of) the principal amount of the Convertible Bond outstanding prior to the Maturity Date.

Transferability

The Convertible Bond may be assigned or transferred (in whole or in part) with the execution of a transfer instrument in a form approved by the Board. Subject thereto, there is no restriction on the transfer of the Convertible Bond.

Public float

The conversion rights attaching to the Convertible Bond will not be exercised by the holder of the Convertible Bond and the Company will not issue the Conversion Shares if, immediately following the conversion, the Company would be unable to meet the public float requirement under the Listing Rules.

**Ranking of Conversion Shares** The Conversion Shares issued upon the exercise by the holder of Convertible Bond the conversion rights attaching to the Convertible Bond will, when issued, rank pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Conversion Shares, including the right to receive all future dividends and distributions.

## **LISTING OF THE CONVERTIBLE BOND AND THE CONVERSION SHARES**

No application will be made for the listing of the Convertible Bond on the Stock Exchange or any other recognized stock or securities exchanges. However, 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 aggregate of 1,000,000,000 shares Conversion Shares to be issued as a result of the exercise of the conversion rights attaching to the Convertible Bond in full.

## **REASONS FOR THE EXTENSION**

The Extension effectively allows the Group to refinance the debts under the Convertible Bond under the same terms for a further 36 months. As at the date of this announcement, the Company has sufficient funds to fully repay the Convertible Bond. However, the Board is of the view that the Extension will enable the Company to retain the funds for potential investments or opportunities. In addition, as the Convertible Bond is zero coupon, it will not incur any interest burden for the Group for the next 3 years. Save for the Extension, other terms and conditions of the Convertible Bond remain unchanged.

The Board<sup>1</sup> (excluding the independent non-executive directors who will form their views after considering the advice of the independent financial adviser) considers that the terms and conditions of the Deed of Amendment are fair and reasonable and the Extension is in the interests of the Company and the Shareholders as a whole. The Directors are of the view that the Extension will not pose any significant impact on the operations of the Group.

<sup>1</sup> *As Ms. Lo Fong Hung and Mr. Wang Xiangfei have material interest in the transaction, they have abstained from voting on the board resolution in relation to the Extension*

## **LISTING RULES IMPLICATIONS**

Pursuant to Rule 16.03 of the Listing Rules, any alteration in the terms of convertible equity securities after issue must be approved by the Stock Exchange, except where alterations take effect automatically under the existing terms of such convertible equity securities. The Company will apply to the Stock Exchange for its approval of the proposed amendments contemplated by the Deed of Amendment pursuant to Rule 16.03 of the Listing Rules.

Directors of the Company, Ms. Lo Fong Hung and Mr. Wang Xiangfei, both having a material interest in the transaction, have abstained from voting on the board resolution in relation to the Extension. Ms. Lo Fong Hung has material interest in the transaction by virtue of her 30% equity interest in New Bright International Development Limited, which in turn holds 70% equity interest in China Sonangol International Limited, which is a holding company of Ascent Goal Investments Limited. Mr. Wang Xiangfei has material interest in the transaction by virtue of him being the spouse of Ms. Lo Fong Hung.

As at the date of this announcement, the Subscriber holds 74.42% of the share capital of the Company and hence a Substantial Shareholder and connected person of the Company under the Listing Rules. The Extension to be effected by the Deed of Amendment between the Company and the Subscriber constitutes a connected transaction of the Company. Therefore, the Extension is subject to reporting and announcement requirement, as well as approval by the independent Shareholders at a SGM, under the Listing Rules. The Company will establish an independent board committee and will appoint an independent financial adviser to advise the independent Shareholders and the independent board committee regarding the Extension. The Subscriber and its associates will abstain from voting in respect of the resolution approving the Extension and the transaction contemplated thereunder at the SGM.

A circular containing details of the Convertible Bond, the Extension, and the respective letters of advice from the independent board committee and the independent financial adviser will be dispatched to the Shareholders as soon as practicable in accordance with the requirement set out in the Listing Rules.

## **GENERAL**

The principal activity of the Group are investment holding, marketing of clocks and other office related products and mining, sales and distribution of coal.

The Subscriber is an investment holding company. Aside from holding the 74.42% shareholding in the Company and the Convertible Bond, the Subscriber does not have any other significant business activities.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	Board of Directors
“Circular”	The Company’s circular dated 21 February 2008 in relation to, among other matters, (i) proposed subscription of new shares and convertible bond and (ii) increase in authorized share capital
“Company”	China Sonangol Resources Enterprise Limited (stock code: 1229), formerly known as Artfield Group Limited, a company incorporated in Bermuda with limited liability, and the shares of which are listed on the Stock Exchange
“Conversion Period”	The period commencing from the date of issue of the Convertible Bond certificate and ending on a date falling 36 months of the date of issue of the Convertible Bond certificate. The Conversion Period is to be extended for another 36 months upon its expiry following the Extension pursuant to the Deed of Amendments
“Conversion Price”	HK\$0.20 per Conversion Share, subject to adjustment provisions which are normal for convertible debt securities of this type



“Conversion Share(s)”	Share(s) to be issued pursuant to exercise of the Convertible Bond
“Convertible Bond”	Outstanding and exercisable zero per cent convertible bond issued by the Company to the Subscriber with an aggregate principal amount of HK\$200,000,000
“Deed of Amendment”	The deed of amendment dated 11 February 2011 entered into between the Company and the Subscriber, whereby the Company and the Subscriber agreed to extend the maturity date of the Convertible Bond for 36 months
“Directors”	The directors of the Company
“Extension”	The extension of the maturity date of the Convertible Bond for 36 months, together with the conversion period which will also be extended for 36 months accordingly
“Group”	The Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	13 March 2014, the date upon which the Convertible Bond will expire following the Extension
“SGM”	The special general meeting of the Company to be convened and held for the independent shareholders to consider, and if thought fit, approve the Extension
“Share(s)”	Ordinary share(s) in the paid up capital of the Company

“Shareholder(s)”	Holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Ascent Goal Investments Limited, the Substantial Shareholder of the Company and the subscriber to the Convertible Bond, a company incorporated in British Virgin Islands with limited liability, which is wholly-owned by China Sonangol International Limited, a company incorporated in Hong Kong with limited liability
“Substantial Shareholder(s)”	Has the meaning ascribed in the Listing Rules

By order of the Board  
**China Sonangol Resources Enterprise Limited**  
**Wang Xiangfei**  
*Executive Director*

Hong Kong, 11 February 2011

*As at the date of this announcement, the Board comprises three executive Directors, namely Ms. Lo Fong Hung, Mr. Wang Xiangfei and Mr. Kwan Man Fai; and three independent non-executive Directors, namely Mr. Lam Ka Wai, Graham, Mr. Wong Man Hin, Raymond and Mr. Chan Yiu Fai, Youdey.*