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## **HUAJUN HOLDINGS LIMITED**

**華君控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 377)**

### **CONNECTED TRANSACTION ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

#### **ISSUE OF CONVERTIBLE BONDS**

On 20 January 2016 (after trading hours), the Company entered into a conditional Subscription Agreement with HIL, a substantial shareholder of the Company, pursuant to which the Company has agreed to issue and HIL has agreed to subscribe the Convertible Bonds in the principal amount of HK\$1,330,000,000.00.

The Convertible Bonds carry the right to convert into Conversion Shares at the Conversion Price of HK\$1.00 per Conversion Share (subject to adjustment). Assuming the conversion rights attaching to the Convertible Bond are exercised in full at the Conversion Price of HK\$1.00 per Conversion Share, 1,330,000,000 Conversion Shares will fall to be issued to the Bondholder, representing approximately 33.76% of the issued capital of the Company as at the date of this announcement and approximately 17.85% of the issued share capital of the Company as enlarged by the issue and allotment of the Placing Shares, assuming all the Placing Shares have been subscribed and issued, and all the Conversion Shares have been issued.

The Conversion Shares which fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds will be issued and allotted under the Specific Mandate to be approved by the Independent Shareholders at the SGM.

### **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, HIL is a substantial shareholder of the Company, holds 2,250,082,214 Shares, representing approximately 57.13% of the total issued share capital of the Company, and is ultimately wholly and beneficially owned by Mr. Meng and his spouse. Mr. Meng is the chairman, an executive Director and a substantial shareholder of the Company. Accordingly, HIL is a connected person of the Company under the Listing Rules. Therefore, the Proposed Issue constitutes a connected transaction of the Company subject to the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules by way of poll at the SGM. HIL, Mr. Meng and his associates shall abstain from voting at the SGM to be convened to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate. Mr. Meng has abstained from voting on the resolutions passed by the Board to approve the Subscription Agreement and the transactions contemplated thereunder. To the best of the Directors' information, belief and knowledge, save for HIL, Mr. Meng and his associates, no other parties have any material interest which is different from other Shareholders in relation to the Proposed Issue and the grant of the Specific Mandate.

An Independent Board Committee will be established to make recommendation to the Independent Shareholders regarding the Subscription Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder.

The SGM will be convened for the Shareholders to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, details of the Subscription, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Proposed Issue, the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription together with notice of the SGM, is expected to be despatched to the Shareholders on or before 29 February 2016 as additional time is required for the preparation of the relevant information for inclusion in the circular.

**Shareholders and potential investors should note that completion of the Subscription is subject to fulfillment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **ISSUE OF CONVERTIBLE BONDS**

### **1. Subscription Agreement**

On 20 January 2016 (after trading hours), the Company entered into a conditional subscription agreement with HIL, a substantial shareholder of the Company, pursuant to which the Company has agreed to issue and HIL has agreed to subscribe the Convertible Bonds in the principal amount of HK\$1,330,000,000.00.

Date : 20 January 2016 (after trading hours)

Parties : Issuer: The Company

Subscriber: HIL

As at the date of this announcement, HIL holds 2,250,082,214 Shares, representing approximately 57.13% of the total issued share capital of the Company, and is ultimately wholly and beneficially owned by Mr. Meng and his spouse. Mr. Meng, is the chairman, an executive Director and a substantial shareholder of the Company. Accordingly, HIL is a connected person of the Company under the Listing Rules. Therefore the Proposed Issue constitutes a connected transaction of the Company subject to Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules by way of poll at the SGM.

Pursuant to the Subscription Agreement, the Company conditionally agreed to issue and HIL conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$1,330,000,000.00.

The Convertible Bonds carry the right to convert into Conversion Shares at the Conversion Price of HK\$1.00 per Conversion Share (subject to adjustment). Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Conversion Price of HK\$1.00 per Conversion Share, 1,330,000,000 Conversion Shares will fall to be issued to the Bondholder, representing approximately 33.76% of the issued capital of the Company as at the date of this announcement and approximately 17.85% of the issued share capital of the Company as enlarged by the

issue and allotment of the Placing Shares, assuming all the Placing Shares have been subscribed and issued, and all the Conversion Shares have been issued, assuming there being no other changes in the number of issued Shares. The details of the shareholdings are set out in the paragraph headed “EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY” below.

### **Conditions precedent of the Subscription**

Completion of the Subscription Agreement is conditional upon the fulfilment of the following conditions precedent:–

- (a) the granting of the listing of and permission to deal in the Conversion Shares by the Listing Committee of the Stock Exchange; and
- (b) the passing of the necessary resolution(s) to approve the issue of the Convertible Bonds and the transactions contemplated under the Subscription Agreement (including the obtaining of a specific mandate to allot and issue the Conversion Shares falling to be issued on the exercise of the Conversion Rights attached to the Convertible Bonds) by the Independent Shareholders at SGM by way of poll.

Conditions (a) and (b) above cannot be waived. If the Conditions Precedent cannot be fulfilled on or before 30 September 2016 or such other time as agreed between the Company and HIL, the Subscription Agreement will lapse and the parties thereto shall be released from all obligations thereunder, save for the liabilities for any antecedent breaches.

### **Completion of Subscription**

Completion of the Subscription Agreement shall take place on any Business Day, within 30 Business Days after the fulfillment of the Conditions Precedent. The consideration for the Convertible Bonds shall be payable by HIL to the Company upon completion of the Subscription.

### **Principal Terms of the Convertible Bonds**

The principal terms of the Convertible Bonds are arrived at after arm’s length negotiations between the Company and HIL and are summarised as follows:–

Principal amount : a principal amount of HK\$1,330,000,000.00.

- Maturity Date : the date falling on the expiry of a three years' period which shall commencing from the date of issue of the Convertible Bonds.
- Conversion Price : HK\$1.00 per Conversion Share (subject to adjustment).
- Interests : 3.5% per annum payable half-yearly, for each anniversary year of issue, in arrear.
- Conversion period : the period commencing from the date of issue of the Convertible Bonds and ending on the date which falls on the Business Day immediately before Maturity Date, both dates inclusive.
- Conversion Restriction : No conversion shall be made by the Bondholders if such conversion shall trigger off a mandatory offer under Rule 26 of the Takeovers Code on the part of the Bondholders who exercise the conversion right or shall cause the public float of the Company unable to meet the requirement under the Listing Rules.
- Conversion Rights : Each Bondholders shall have the right, exercisable during the Conversion Period, to convert the whole or any part (in multiples of HK\$20,000,000.00 of the outstanding principal amount of a Convertible Bonds held by such Bondholders into such number of Conversion Shares as will be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the date of conversion.
- No fraction of a Conversion Share shall be issued on conversion of the Convertible Bonds.
- Ranking : Shares converted upon exercise of the Conversion Rights shall rank pari passu in all respects with all other existing Shares at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions.

Transferability : None of the Convertible Bonds (nor any part of the Convertible Bonds) can be transferred without the prior written consent of the Company.

Subject to the abovementioned, any transfer of the Convertible Bonds shall be in respect of the whole or any part (in an amount not less than HK\$20,000,000.00 of the outstanding principal amount of the Convertible Bonds).

Adjustment of the Conversion Price : The Conversion Price shall from time to time be adjusted upon the occurrence of the followings:

(i) consolidation and subdivision

(ii) capitalisation of profits or reserves.

Listing : No application will be made by the Company for listing of the Convertible Bonds. 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.

Redemption : Unless previously redeemed, converted, purchased or cancelled, the Company will on the Maturity Date, redeem the Convertible Bonds at 100% of its principal amount.

The Company have the right, at its option, to redeem the whole or any part (in multiples of HK\$20,000,000.00) of the outstanding principal amount of the Convertible Bonds before the Maturity Date by giving notice to the Bondholders in respect of part or all of the Convertible Bonds held by the Bondholders.

- Event of default : If any event of default set out in the terms and conditions of the Convertible Bonds occurs, the Bondholders may give notice to the Company that the Convertible Bonds together with the interest accrued thereon will become immediately due and repayable.
- Voting rights : Other than meetings of the Bondholders, the Bondholders will not have any right to attend or vote at any meeting of the Company by virtue of them being Bondholder, and until and unless they have converted all or part of their Convertible Bonds into Shares entitling holders to attend or vote at the meetings of the Shareholders.

### **Ranking of the Convertible Bonds**

The Convertible Bonds constitute general and unsecured obligations of the Company and rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company.

### **Conversion Price:**

The Conversion Price of HK\$1.00 per Conversion Share, representing:

- (1) a premium of approximately 12.36% to the closing price of HK\$0.890 per Share as quoted at 4:00 p.m. on the Stock Exchange on the Last Trading Day;
- (2) a premium of approximately 11.11% to the average closing price of HK\$0.900 per Share as quoted on the Stock Exchange for the last five trading days immediately to and including the Last Trading Day; and
- (3) a premium of approximately 8.46% to the average closing price of HK\$0.922 per Share as quoted on the Stock Exchange for the last ten trading days immediately to and including the Last Trading Day.

The Conversion Price was arrived at after arm's length negotiations between the Company and HIL with reference to the prevailing market prices of the Shares as shown above. The Directors (other than the independent non-executive Directors who will form an opinion after taken the recommendation from the independent financial advisor) consider the Conversion Price and the terms and conditions of the Subscription Agreement are fair and reasonable based on the current market conditions and in the interests of the Company and Shareholders as a whole.

## 2. EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 3,939,020,085 Shares in issue. The shareholding interests of the Company as at (i) the date of this announcement; (ii) immediately after the issue of the all Placing Shares, assuming all the Placing Shares have been issued; and (iii) immediately after the completion of the issue of all Placing Shares and the 1,330,000,000 Conversion Shares are as follows:

	(i) as of the date of this announcement		(ii) immediately after the completion of the Placing, assuming all Placing Shares are subscribed and issued and no conversion rights attaching to the Convertible Bonds has been exercised		(iii) immediately after the completion of the Subscription and issue of Conversion Shares, assuming all Placing Shares are subscribed and issued and all Conversion Shares, assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Conversion Price	
	<i>Approximately</i>		<i>Approximately</i>		<i>Approximately</i>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
<b>Substantial Shareholders</b>						
HIL ( <i>note 1</i> )	2,250,082,214	57.13%	2,250,082,214	36.77%	2,250,082,214	30.21%
Conversion from Convertible Bond	–	–	–	–	1,330,000,000	17.85%
Mr. Meng	<u>60,430,371</u>	<u>1.53%</u>	<u>60,430,371</u>	<u>0.99%</u>	<u>60,430,371</u>	<u>0.81%</u>
Sub-total:	<u>2,310,512,585</u>	<u>58.66%</u>	<u>2,310,512,585</u>	<u>37.76%</u>	<u>3,640,512,585</u>	<u>48.87%</u>
Mr. Wu Jiwei ( <i>note 2</i> )	133,264,500	3.38%	133,264,500	2.18%	133,264,500	1.79%
<b>Public Shareholders</b>						
Placees	–	–	2,180,000,000	35.63%	2,180,000,000	29.27%
Other shareholders	<u>1,495,243,000</u>	<u>37.96%</u>	<u>1,495,243,000</u>	<u>24.43%</u>	<u>1,495,243,000</u>	<u>20.07%</u>
<b>Total</b>	<b><u>3,939,020,085</u></b>	<b><u>100.00%</u></b>	<b><u>6,119,020,085</u></b>	<b><u>100.00%</u></b>	<b><u>7,449,020,085</u></b>	<b><u>100.00%</u></b>

*Notes:*

1. 2,250,082,214 Shares are held in the name of HIL. The entire issued share capital of HIL is beneficially owned by Huajun Holdings Group Limited which in turn is wholly owned by Huajun (International) Development Limited. The entire issued share capital of Huajun (International) Development Limited is beneficially owned by Hua Jun Holding Group Co. Ltd\* (華君控股集團有限公司). Mr. Meng and Madam Bao Le, spouse of Mr. Meng, held 97.5% and 2.5% respectively in Hua Jun Holding Group Co. Ltd\* (華君控股集團有限公司).
2. 133,264,500 Shares are beneficially owned by Forest Tree Limited, which in turn is wholly-owned by Mr. Wu Jiwei, an executive Director.

### **3. MANDATE TO ISSUE THE CONVERSION SHARES**

The Subscription Agreement and the transactions contemplated thereunder, including the allotment and issue of the Conversion Shares under Specific Mandate of the Company, are subject to the approval of the Independent Shareholders at the SGM.

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

### **4. REASONS FOR THE SUBSCRIPTION AND USE OF NET PROCEEDS**

The principal business activity of the Company is investment holding. The Group is principally engaged in the businesses of (i) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (ii) trading and logistics; (iii) finance lease; (iv) provision of finance; (v) property development and investments; (vi) securities investments; (vii) medical management; and (viii) industrial equipment.

HIL is an investment holding company and is a connected person of the Company under the Listing Rules as mentioned above in this announcement.

The Group has been actively exploring investment and development opportunities in various fast-growing businesses in the PRC. The Company has considered various means of fund raising for financing of the various transactions. In view of the current market, the Directors considered that the Subscription represents an ideal opportunity for the Company to raise additional capital and fund for the said transactions without immediately diluted the shareholding interest at a reasonable cost.

If the Convertible Bonds are successfully subscribed, the Company will be able to raise approximately HK\$1,330,000,000 gross proceeds. The net proceeds (after deducting the fees and expenses involved in the Subscription) will be approximately HK\$1,329,500,000. The Group intends to apply the aforesaid net proceeds for settlement of part of consideration of the “A Shares” Subscription, repayment of borrowings and general working capital of the Group.

## **5. FUND RAISING ACTIVITY DURING THE PAST 12 MONTHS FROM THE DATE OF THIS ANNOUNCEMENT**

The Company has conducted the following fund raising activities in the past 12 months immediately preceding the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Approximate Net proceeds</b>	<b>Intended use of net proceeds as stated in the announcement and/or circular</b>	<b>Actual use of Proceeds/Remark</b>
10 February 2015	Subscription of 533,058,000 new Shares under general mandate of the Company	HK\$373 million	To finance the Finance Lease Arrangement as disclosed in the announcements of the Company dated 4 February 2015 and 9 February 2015.	All used as intended for settlement of the consideration for the finance lease by 3 March 2015.

Date of announcement	Event	Approximate Net proceeds	Intended use of net proceeds as stated in the announcement and/or circular	Actual use of Proceeds/Remark
13 February 2015, 16 February 2015 and 31 March 2015	Issue of convertible bonds of an aggregate principal amount of HK\$500 million	HK\$499.7 million	<p>(i) Approximately HK\$124.5 million to repay part of the existing indebtedness of the Group, provide capital support to the Company to accomplish its strategic development objectives, help the Company to optimize financial structure, strengthen solvency and operation capability, underpin the continued business growth and consolidate the market position of the Company.</p> <p>(ii) Approximately HK\$74.7 million for finance investment or development of businesses of the Company to acquire Dalian Lugang Logistics Company Limited* (大連陸港物流基地有限公司).</p> <p>(iii) Approximately HK\$236.6 million for acquisition of Zhejiang Linhai Machinery Company Limited* (浙江臨海機械有限公司).</p>	<p>Used as intended with approximately HK\$46.1 million used in securities investments, approximately HK\$75.0 million used in settlement of part of the consideration for acquisition of Heqing County Sengong Forestry Development Co., Ltd.* (鶴慶縣森工林業有限公司), Ninglang Boyu Forestry Development Co., Ltd.* (寧蒗博宇林業開發有限公司) and Yangbi Yunsen Forestry Development Co., Ltd.* (漾濞雲森林業開發有限公司) and approximately HK\$3.4 million used in expanding the Group's trading business in the PRC in July 2015.</p> <p>All used as intended for settlement of the acquisition consideration by 18 August 2015.</p> <p>All used as intended for settlement of the acquisition consideration by 3 August 2015.</p>

Date of announcement	Event	Approximate Net proceeds	Intended use of net proceeds as stated in the announcement and/or circular	Actual use of Proceeds/Remark
			(iv) Approximately HK\$63.9 million for general working capital purposes.	Used as intended with approximately HK\$61.5 million used for working capital of the Group's trading business and approximately HK\$2.4 million used for payment of interest on bank borrowings in June and July 2015.
18 January 2016	Subscription of the Placing Shares under specific mandate of the Company	Approximately HK\$1,601.8 million	To settle part of consideration of the MOU Acquisition, part of consideration of the "A Shares" Subscription, repayment of borrowings and general working capital of the Group.	Not yet utilised

Apart from such capital raising activities, the Company did not conduct any other fundraising on issue of equity securities in the last 12 months immediately preceding the date of this announcement.

## 6. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, HIL, is a substantial shareholder of the Company, holds 2,250,082,214 Shares, representing approximately 57.13% of the total issued share capital of the Company, and is wholly and beneficially owned by Mr. Meng and his spouse. Mr. Meng, is the chairman, an executive Director and a substantial shareholder of the Company. Accordingly, HIL is a connected person of the Company under the Listing Rules. Therefore the Proposed Issue constitutes a connected transaction of the Company subject to Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules by way of poll at the SGM. HIL, Mr. Meng and his associates shall abstain from voting at the SGM to be convened to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate. Mr. Meng has abstained from voting on the resolutions passed by the Board to approve the Subscription Agreement and the transactions contemplated thereunder. To the best of the Directors' information,

belief and knowledge, save for HIL, Mr. Meng and his associates, no other parties have any material interest which is different from other Shareholders in relation to the Proposed Issue and the grant of the Specific Mandate.

An Independent Board Committee will be established to make recommendation to the Independent Shareholders regarding the Subscription Agreement and the transactions contemplated thereunder. Independent Financial Adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder.

The SGM will be convened for the Shareholders to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, details of the Subscription, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Proposed Issue, the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription together with notice of the SGM, is expected to be despatched to the Shareholders on or before 29 February 2016 as additional time is required for the preparation of the relevant information for inclusion in the circular.

**Shareholders and potential investors should note that completion of the Subscription is subject to fulfillment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## 7. DEFINITIONS

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

“A Shares”	ordinary share(s) of RMB1.00 each in the share capital of Hareon Solar Technology Co., Ltd.
“ “A Shares” Subscription”	the possible subscription of “A Shares” in Hareon Sola Technology Co., Ltd. as disclosed on 18 January 2016 by the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Bondholder(s)”	the holder of the Convertible Bonds
“Business Day”	means a day on which licensed banks in Hong Kong are open for general banking business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal 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.
“Company”	Huajun Holdings Limited (Stock Code: 377), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Conditions Precedent”	the conditions precedent of the completion of the Subscription, details of which are set out in the paragraph headed “Conditions precedent of the Subscription” of this announcement
“connected persons”	has the meaning as defined in the Listing Rules
“Convertible Bonds(s)”	convertible bonds of a principal amount of HK\$1,330,000,000.00, to be issued by the Company, in the denomination and integral amounts of HK\$20,000,000.00, pursuant to the Subscription Agreement
“Conversion Price”	the conversion price of HK\$1.00 per Conversion Share
“Conversion Shares”	the 1,330,000,000 new Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds by the Bondholders(s)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries

“HIL”	Huajun International Limited, a company incorporated in the British Virgin Islands, a substantial shareholder of the Company. The entire issued share capital of Huajun International Limited is ultimately beneficially owned by Mr. Meng and Madam Bao Le, a spouse of Mr. Meng, 97.5% and 2.5% respectively. Mr. Meng is chairman of the Board and an executive Director
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Subscription and the transactions contemplated under the Subscription Agreement
“Independent Financial Adviser”	an independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Subscription
“Independent Shareholders”	Shareholders other than HIL, Mr. Meng and his associates and other Shareholders who are interested or involved in the Convertible Bonds, and are required to abstain from voting on the resolutions to approve, among other things, the Subscription at the SGM
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“Last Trading Day”	20 January 2016, being the last trading day before the publication of this announcement
“Listing Committee”	has the same meaning ascribed thereto in the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU Acquisition”	the proposed acquisition under the memorandum of understanding disclosed by the Company on 10 December 2015
“Mr. Meng”	Mr. Meng Guang Bao (孟廣寶), the chairman, an executive Director and a substantial shareholder of the Company
“Placing”	placing of Placing Shares
“Placing Shares”	2,180,000,000 new Shares to be placed by the Company to certain places under the specific mandate as disclosed by the Company in an announcement dated 18 January 2016, subject to approval by the Shareholders
“PRC”	The People’s Republic of China
“Proposed Issue”	the proposed issue of the Convertible Bonds
“SGM”	a special general meeting of the Company to be convened to consider and approve, inter alia, the issue of the Convertible Bonds and the grant of the Specific Mandate
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of shares of the Company
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the SGM to (i) issue the Convertible Bonds and (ii) allot and issue the new Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	HIL, being the subscriber to subscribe the Convertible Bond under the Subscription Agreement

“Subscription”	the subscription for the Convertible Bonds by HIL pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 20 January 2016 and entered into between the Company and HIL in respect of the Subscription
“Placing Shares”	2,180,000,000 new Shares to be placed by the Company to certain places under the specific mandate as disclosed by the Company in an announcement dated 18 January 2016
“Takeovers Code”	The Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

*If there is any inconsistency in this announcement between the Chinese and English versions and the English version shall prevail.*

By Order of the Board

**Wu Jiwei**

*Chief Executive Officer and Executive Director*

Hong Kong, 20 January 2016

*As at the date of this announcement, the Board comprises Mr. Meng Guang Bao (Chairman), Mr. Wu Jiwei (Chief Executive Officer) and Mr. Guo Song (Deputy Chief Executive Officer) as executive Directors; and Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping as independent non-executive Directors.*

\* *For identification purpose only*