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**ISSUANCE OF U.S.\$290,000,000 0.50 PER CENT.**

**CREDIT ENHANCED CONVERTIBLE BONDS DUE 2020 (CREDIT  
ENHANCED UNTIL 2018) TO BE GUARANTEED BY THE COMPANY  
AND  
RESUMPTION OF TRADING**

The Board is pleased to announce that on 2 June 2015, the Company as guarantor, the Issuer and the Joint Lead Managers have entered into a Subscription Agreement, under which the Joint Lead Managers have agreed severally but not jointly to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds to be issued by the Issuer and guaranteed by the Company in a principal amount of U.S.\$290,000,000 on the terms and subject to the conditions set out therein. The Bonds are convertible into Shares in the circumstances set out in the Conditions at an initial Conversion Price of HK\$2.9875 per Share (subject to adjustments described below). Assuming full conversion of the Bonds at the initial Conversion Price of HK\$2.9875 per Share and no further issue of Shares, the Bonds will be convertible into approximately 752,873,974 new Shares, representing approximately 15.35% of the issued share capital of the Company as at the date of this announcement and approximately 13.31% of the issued share capital of the Company as at the date of this announcement as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds.

The Conversion Shares to be issued upon conversion of the Bonds will rank *pari passu* in all respects with Shares then in issue on the relevant Conversion Date.

The Bonds have the benefit of the Standby Letter of Credit denominated in U.S. dollars issued by the LC Bank in favour of the Trustee, on behalf of itself and the Bondholders.

**The Bonds have not been offered or sold and may not be offered or sold in Hong Kong to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).**

**The Bonds and the Conversion Shares have not been and will not be registered under the U.S. Securities Act and, may not be offered or sold within the United States except pursuant to an exemption under, or in a transaction not subject to, the U.S. Securities Act. The Bonds are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act.**

The estimated net proceeds from the subscription of the Bonds, after deducting the underwriting commissions in connection with the issuance of the Bonds, amount to approximately U.S.\$284,800,000. The Company intends to use the net proceeds from the issue of the Bonds for general corporate purposes.

The Conversion Shares are to be issued under the General Mandate. The issue of the Bonds is not subject to the approval of the Shareholders.

An application will be made by the Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds and the Conversion Shares on the Hong Kong Stock Exchange. **Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph entitled “The Subscription Agreement” below for further information.**

**WARNING: As the Subscription Agreement may or may not complete, and the Bonds and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

Trading in the Shares on the Hong Kong Stock Exchange was suspended with effect from 3:06 p.m. on 2 June 2015 at the request of the Company pending the publication of this announcement. An application has been made to the Hong Kong Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 3 June 2015.

The Board is pleased to announce that on 2 June 2015 the Company as guarantor and the Issuer have entered into the Subscription Agreement with the Joint Lead Managers, under which, among other things, the Joint Lead Managers have agreed severally and not jointly to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds to be issued by the Issuer and guaranteed by the Company in a principal amount of U.S.\$290,000,000, on the terms and subject to the conditions set out therein and summarised below.

## **THE SUBSCRIPTION AGREEMENT**

### **Date**

2 June 2015

### **Parties**

- (i) the Issuer as the issuer;
- (ii) the Company as the guarantor; and
- (iii) BofA Merrill Lynch, CCB International Capital Limited, China Merchants Securities (HK) and DBS Bank Ltd. as the Joint Lead Managers.

### **Subscription**

Subject to the fulfilment of the conditions set out below in the section entitled “Conditions Precedent to the Subscription”, the Joint Lead Managers have agreed severally and not jointly to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds to be issued by the Issuer and guaranteed by the Company on the Closing Date in an aggregate principal amount of U.S.\$290,000,000.

To the best of the Directors’ knowledge, information and belief, other than China Merchants Securities (HK), the Joint Lead Managers are third parties independent of the Company and are not connected with the Company or its connected persons (as defined in the Listing Rules).

### **Subscribers**

The Joint Lead Managers have informed the Company that they intend to offer and sell the Bonds to no less than six independent placees (who will be independent individual, corporate and/or institutional investors). To the best of the Directors’ knowledge, information and belief, each of the placees (and their respective ultimate beneficial owners) will be third parties independent of the Company and are not connected with the Company or its connected persons (as defined in the Listing Rules).

## Lock-up

Each of the Issuer and the Company has undertaken with the Joint Lead Managers that none of the Issuer, the Company or any person acting on its behalf will (i) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (iii) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (i), (ii) or (iii) is to be settled by delivery of Shares or other securities, in cash or otherwise or (iv) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Joint Lead Managers between the date hereof and the date which is 90 days after the Closing Date (inclusive) except for the Bonds and the Shares to be issued on conversion of the Bonds.

In addition, the Company shall procure that each of CMPD, Eureka Investment Company Limited, Good Ease Holdings Limited and Success Well Investments Limited (the “**Lock-up Shareholders**”) shall execute on or before the Closing Date, a Shareholder Lock-up Agreement, pursuant to which each Lock-up Shareholder has undertaken that for a period from the date of the Subscription Agreement up to 90 days after the Closing Date (both dates inclusive), neither it nor any of its subsidiaries (if applicable) or affiliates or spouse (if applicable) or family members (if applicable) over which it exercises management or voting control, nor any person acting on its or their behalf will, without the prior written consent of the Joint Lead Managers, (i) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Lock-up Shares or securities of the same class as the Bonds or the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Lock-up Shares or other instruments representing interests in the Bonds, the Lock-up Shares or other securities of the same class as them, (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Lock-up Shares, (iii) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (i), (ii) or (iii) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise or (iv) announce or otherwise make public an intention to do any of the foregoing.

## Conditions Precedent to the Subscription

The obligations of the Joint Lead Managers to subscribe and pay for the Bonds are conditional on: (i) in the case of sub-paragraph (a) below, the satisfaction thereof on the Publication Date and; (ii) in the case of sub-paragraph (b), the satisfaction thereof on 9 June 2015; and (iii) in the case of sub-paragraphs (c) to (o), the Joint Lead Managers receive on (or in the case of the evidence referred to in sub-paragraph (e), on or before) the Closing Date:

- (a) the Joint Lead Managers being satisfied with the results of their due diligence investigations with respect to the Issuer, the Company and the Group for the purposes of preparation of the Offering Circular, and the Offering Circular having been prepared in form and content reasonably satisfactory to the Joint Lead Managers and having been delivered to the Joint Lead Managers in accordance with the Subscription Agreement;
- (b) the execution and delivery of a fee letter, or if more than one, fee letter(s), by the Issuer, the Company and the Joint Lead Manager(s) on or before 9 June 2015;
- (c) legal opinions dated the Closing Date, in each case in a form acceptable to the Joint Lead Managers;
- (d) a closing certificate dated the Closing Date, addressed to the Joint Lead Managers, signed by two directors or duly authorised signatories on behalf of the Issuer and the Company in a form acceptable to the Joint Lead Managers;
- (e) comfort letters in relation to the Company, dated the Publication Date and the Closing Date and addressed to the Joint Lead Managers from Deloitte Touche Tohmatsu, certified public accountants, in a form acceptable to the Joint Lead Managers;
- (f) a copy, certified by a duly authorised signatory of the Issuer of the constitutive documents of the Issuer and the resolution(s) of the board of directors of the Issuer authorising the execution of the Subscription Agreement and the Issue Documents, the issue of the Bonds and the entry into and performance of the transactions contemplated thereunder;
- (g) a copy, certified by a duly authorised signatory of the Company of the constitutive documents of the Company and the resolution(s) of the board of directors of the Company authorising the execution of the Subscription Agreement and the Issue Documents, the issue of the Bonds and the entry into and performance of the transactions contemplated thereunder;
- (h) a copy, certified by a duly authorised signatory of the LC Bank of the constitutive documents of the LC Bank and the resolution(s) of the board of directors of the LC Bank authorising the execution of the Standby Letter of Credit and the entry into and performance of the transactions contemplated thereunder;
- (i) a certificate dated the Closing Date from the Issuer and the Company setting out the names and signatures of the persons authorised to sign, on behalf of the Issuer or the Company respectively, the Issue Documents and any other documents to be delivered by the Issuer and/or the Company;

- (j) a certificate dated the Publication Date and the Closing Date of the chief financial officer of the Company with respect to the Offering Circular;
- (k) the Trust Deed, the Agency Agreement, the Standby Letter of Credit and other related documents are executed on or before the Closing Date by or on behalf of all parties thereto;
- (l) each Lock-up Shareholder shall have executed a lock-up agreement on or before the Closing Date in the form set out in the Subscription Agreement and such lock-up agreement shall be in full force and effect on the Closing Date;
- (m) there has, since the date of the Subscription Agreement up to and including the Closing Date, in the opinion of the Joint Lead Managers, been no adverse change, or any development reasonably likely to involve an adverse change, in the financial or trading position, condition (financial or otherwise), results of operations, profitability, shareholder's equity, business, properties, general affairs, management or prospects of the Issuer, the Company or the Group or the LC Bank that is material in the context of the issue or offering of the Bonds;
- (n) the representation and warranties by the Issuer and the Company in the Subscription Agreement are true and correct on the date of the Subscription Agreement and on each date on which they are deemed to be repeated on the Closing Date with reference to the facts and circumstances then subsisting;
- (o) confirmation on or before the Closing Date that the Hong Kong Stock Exchange having granted listing approval for the Shares and the Bonds have, subject only to the execution of the Trust Deed and the execution, authentication and delivery of the global certificate of the Bonds, been listing on the Hong Kong Stock Exchange; and
- (p) the execution and delivery (as the case may be) of any other certificates or documents as the Joint Lead Managers may reasonably request in form and substance satisfactory to the Joint Lead Managers.

The Joint Lead Managers may, at their discretion, waive satisfaction of any of the conditions precedents specified above.

The above conditions precedent must be satisfied and/or waived on or prior to the Closing Date. As at the date of this announcement, all conditions precedent to the completion of the Subscription Agreement are yet to be satisfied and/or waived.

## **Termination of the Subscription**

The Joint Lead Managers may give a termination notice to the Issuer and the Company at any time prior to the payment of the net proceeds of the issue of the Bonds to the Issuer and the Company on the Closing Date if:

- (a) any representations and warranty by the Issuer and the Company in this Agreement is or proves to be untrue, inaccurate or incorrect on the date of the Subscription Agreement or on any date on which it is deemed to be repeated;
- (b) either the Issuer or the Company fails to perform any of its respective obligations under the Subscription Agreement;
- (c) any of the conditions precedent is not satisfied or waived by the Joint Lead Managers on the Closing Date;
- (d) since the date of the Subscription Agreement, there has been, in the sole opinion of the Joint Lead Managers, such a change or any development involving a prospective change, in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in their view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;
- (e) if, in the sole opinion of the Joint Lead Managers, there shall have occurred a general moratorium on, or disruption in, commercial banking activities, securities settlement or clearance services in the United Kingdom, the United States, New York, Hong Kong, or the PRC or by any United Kingdom, United States, New York State, Hong Kong, or PRC authorities which would be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;
- (f) since the date of the Subscription Agreement, there shall have occurred, in the sole opinion of the Joint Lead Managers, a suspension or material limitation of trading in securities generally or trading of securities of the Company on the New York Stock Exchange, the London Stock Exchange, the Hong Kong Stock Exchange or the Shanghai Stock Exchange, or on any other exchange or over-the-counter market or a material disruption has occurred in the commercial banking or securities settlement or clearance services in the United States or Europe or Hong Kong or the PRC;
- (g) the Issuer withdraws the Offering Circular or does not proceed with the issue of the Bonds;
- (h) the Offering Circular does not contain, or are alleged not to contain, any information material in the context of the offering and sale of the Bonds, whether required by statute or not, or any material statement contained therein being, or being alleged to be, untrue, incorrect or misleading in any respect;
- (i) the Offering Circular does not comply with the Listing Rules or any other applicable law or regulation; or

- (j) there shall have occurred, in the sole opinion of the Joint Lead Managers, any event or series of events (including, but not limited to, the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would likely prejudice materially the success of the offering or distribution of the Bonds.

## **PRINCIPAL TERMS OF THE BONDS**

The principal terms of the Bonds are summarised as follows:

<i>Issuer</i>	Cosmos Boom Investment Limited
<i>Guarantor</i>	The Company
<i>Joint Lead Managers</i>	BofA Merrill Lynch, CCB International Capital Limited, China Merchants Securities (HK) and DBS Bank Ltd.
<i>LC Bank</i>	China Construction Bank Corporation, Hong Kong Branch
<i>Principal amount of the Bonds</i>	Bonds in the principal amount of U.S.\$290,000,000
<i>Maturity Date</i>	Unless previously redeemed, converted or purchased and cancelled, the Issuer will redeem each Bond at its principal amount together with accrued and unpaid interest thereon on 23 June 2020
<i>Issue Price</i>	100% of the principal amount
<i>Form and Denomination</i>	The Bonds are in registered form in the denomination of U.S.\$200,000 and integral multiples thereof.  Upon issue, the Bonds will be initially represented by a global certificate deposited with a common depository for, and representing the Bonds registered in the name of a nominee of Euroclear Bank S.A./N.V. and Clearstream Banking, <i>société anonyme</i> .
<i>Status of the Bonds</i>	The Bonds constitute direct, unconditional, unsubordinated and (subject to the negative pledge covenant) unsecured obligations of the Issuer which will at all times rank pari passu among themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

*Status of the Guarantee*

The Bonds will have the benefit of an unconditional and irrevocable guarantee issued by the Company to the Trustee on behalf of the Bondholders, guaranteeing the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. The obligations of the Company under the Guarantee constitute direct, unconditional, unsubordinated and (subject to the negative pledge covenant) unsecured obligations of the Company which will at all times rank pari passu among themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Company, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

*Standby Letter of Credit*

The Bonds will have the benefit of the Standby Letter of Credit issued in favour of the Trustee, on behalf of itself and the Bondholders, by the LC Bank.

The LC Bank's liability under the Standby Letter of Credit shall be expressed and payable in U.S. Dollars and shall not exceed U.S.\$300,000,000, an amount representing the aggregate principle amount of U.S.\$290,000,000 of the Bonds plus interest payable in accordance with the Conditions plus any fees, expenses and all other amounts payable by the Issuer in connection with the Bonds, the Trust Deed and the Agency Agreement. The Standby Letter of Credit expires at 5:00 p.m. (Hong Kong time) on 23 July 2018.

*Interest*

0.50 percent per annum of the principal amount of the Bonds, payable semi-annually in arrears in equal instalments of U.S.\$500 per Calculation Amount (as defined below) on 23 June and 23 December in each year, subject to adjustment for non-business days.

Interest in respect of any Bond shall be calculated per U.S.\$200,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of 0.50 per cent., the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

If the Issuer fails to pay any sum in respect of the Bonds when the same becomes due and payable under the Conditions of the Bonds, interest shall accrue on the overdue sum at the rate of 1 per cent. per annum from the due date. Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year.

*Pre-funding*

In order to provide for the payment of any amount in respect of the Bonds as the same shall become due, the Issuer shall by no later than the Business Day falling ten Business Days prior to the due date of payment, unconditionally pre-fund such payment into a pre-funding account and deliver to the Trustee and the Principal Paying Agent certain required confirmations in accordance with the Conditions.

*Negative pledge*

So long as any Bond remains outstanding, neither the Issuer nor the Company shall, and will ensure that none of its subsidiaries will, create or permit to subsist any security interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or guarantee of Relevant Indebtedness, unless, at the same time or prior thereto, the Issuer's obligations under the Bonds or, as the case may be, the Company's obligations under the Guarantee, (a) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially prejudicial to the interests of the Bondholders or as shall be approved by an extraordinary resolution of the Bondholders.

*Conversion*

Subject to certain conditions, the Bondholders have the right to convert their Bonds into Conversion Shares at the Conversion Price at any time on or after 2 August 2015 and thereafter up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on the tenth day prior to the Maturity Date (both days inclusive) (but, except as provided in the Conditions, in no event thereafter) or if such Bond shall have been called for redemption by the Company before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than 15 days (in the place aforesaid) prior to the date fixed for redemption thereof.

The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted (translated into Hong Kong dollars at the fixed rate of HK\$7.7559 = U.S.\$1.00) by the Conversion Price in effect at the Conversion Date.

*Conversion Price*

The price at which Shares will be issued upon conversion will initially be HK\$2.9875 per Share (subject to adjustment as described below). The initial Conversion Price of HK\$2.9875 per Share represents: (i) a premium of approximately 25% over the closing price of HK\$2.39 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day; (ii) a premium of approximately 23% over the average closing price of HK\$2.43 per Share as quoted on the Hong Kong Stock Exchange for five Trading Days up to and including the Last Trading Day; (iii) a premium of approximately 23% over the average closing price of HK\$2.43 per Share as quoted on the Hong Kong Stock Exchange for the ten Trading Days up to and including the Last Trading Day.

The initial Conversion Price has been determined by the parties after arm's length negotiations with reference to the recent share price and future prospects of the Group.

*Adjustments to  
Conversion Price*

The Conversion Price is subject to the following adjustment events:

- (a) if there is an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification;
- (b) if the Company issues any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves and which would not have constituted a Distribution;
- (c) in the case of an issue of Shares by way of a scrip dividend where the Current Market Price (as defined below) of such Shares exceed the relevant cash dividends declared by the Company and which would not have constituted a Distribution (as defined below);
- (d) if the Company pays or makes any Distribution to the Shareholders (unless such Distribution also results in an adjustment due to another adjustment event);

- (e) if the Company issues Shares, or grant rights, options, warrants or other rights subscribe for Shares to all or substantially all Shareholders at less than 95% of the Current Market Price;
- (f) if the Company issues any securities (other than Shares or option to subscribe for Shares), or grant right, options, warrants or other rights to subscribe for such securities to all or substantially all Shareholders;
- (g) if the Company issues any Shares or grants options to subscribe for Shares at a price which is less than 95% of the Current Market Price;
- (h) if the Company or any of its subsidiaries or any other person issues wholly for cash any securities (other than the Bonds) convertible into Shares at a consideration per Share which is less than 95% of the Current Market Price;
- (i) if any of the conversion rights referred to in (h) immediately above is modified so that the consideration per Share (for the number of Shares available on conversion following the modification) is reduced and is less than 95% of the Current Market Price;
- (j) if the Company or any of its subsidiaries or any other person issues, sells or distributes any securities in connection with any offer pursuant to which the Shareholders are generally entitled to acquire such securities (unless such issuance, sale or distribution also results in an adjustment due to another adjustment event);
- (k) if the Company otherwise determines that an adjustment should be made to the Conversion Price.

**“Current Market Price”** means in respect of a Share on a particular date, the average of the daily closing price on each of the 20 consecutive Trading Days ending on and including the trading day immediately preceding such date.

**“Distribution”** means any dividend or distribution, whether of cash or assets *in specie* or other property by the Company for any financial period, and whenever paid or made and however described or declared after the Closing Date.

*Ranking of Conversion Shares* The Conversion Shares to be issued upon conversion of the Bonds will be fully paid and rank *pari passu* in all respects with the Shares then in issue on the date the name of the holder of record of the number of Shares issuable upon conversion are registered as such in the register of members of the Company.

*Redemption at Maturity* Unless previously redeemed, converted, purchased or cancelled, the Issuer will redeem each Bond at its principal amount together with accrued and unpaid interest thereon on the Maturity Date. The Issuer may not redeem the Bonds at its option prior to that date except as provided below.

*Redemption at the option of the Issuer* The Issuer may, on giving not less than 30 nor more than 90 days' notice to the Bondholders and the Trustee (which notice shall be irrevocable), at any time on or after 23 December 2016 prior to the Maturity Date redeem all, but not some only, of the Bonds for the time being outstanding at their principal amount, together with interest accrued to the date fixed for redemption, provided that (A) the closing price of the Shares, for 20 out of 30 consecutive Trading Days prior to the date upon which notice of such redemption is published was at least 130 per cent. of the principal amount divided by the Conversion Ratio, and (B) the applicable redemption date not falling within a Closed Period (as defined in the Conditions).

**“Conversion Ratio”** means the principal amount of each Bond divided by the applicable Conversion Price.

In addition, the Issuer may redeem all, but not some only, of the Bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption provided that at least 90% in principal amount of the Bonds originally issued has already been converted, redeemed, purchased or cancelled.

*Redemption of tax reasons*

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to, but excluding the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that: (A) the Issuer has or will become obliged to pay additional tax as a result of any change in, or amendment to, the laws or regulations of Hong Kong, British Virgin Islands or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 2 June 2015, and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional tax if a payment in respect of the Bonds were then due.

*Redemption for delisting,  
suspension of trading or  
Change of Control*

At any time after the following occurs: (a) when the Shares ceases to be listed or admitted to trading or are suspended for a period equal to or exceeding 30 consecutive Trading Days on a relevant stock exchange; or (b) when there is a Change of Control, any Bondholder will have the right, at such Bondholder's option, to require the Issuer to redeem all but not some only of that Bondholder on the Relevant Event Settlement Date (as defined below) at their principal amount, together with accrued interest on the Relevant Event Settlement Date.

To exercise such right, the relevant Bondholder must deposit at the specified office of any paying agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any paying agent, together with the certificates evidencing the Bonds to be redeemed by not later than 30 days following an event mentioned in (a) or (b) above, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with the Conditions of the Bonds. The "**Relevant Event Settlement Date**" shall, be the 14th day after the expiry of such period of 30 days as referred to above.

*Redemption at the option of the Bondholders*

On 23 June 2018, the Bondholders will have the right, at such Bondholders' option, to require the Issuer to redeem all or some only of the Bonds of such Bondholders on 23 June 2018 at their principal amount together with accrued and unpaid interest to the respective dates fixed for redemption.

*Transferability*

The Bonds will be freely transferrable, subject to certain restricted transfer periods.

## **GENERAL MANDATE TO ISSUE THE CONVERSION SHARES**

The issue of the Bonds and the Conversion Shares is not subject to Shareholders' approval. The Conversion Shares will be issued pursuant to the General Mandate. The Conversion Shares will utilise, based on the initial Conversion Price, approximately 752,873,974 Shares under the General Mandate.

## **APPLICATION FOR LISTING**

An application will be made for the listing of the Bonds and the Conversion Shares on the Hong Kong Stock Exchange.

**Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph entitled "The Subscription Agreement" in this announcement for further information.**

**WARNING: As the Subscription Agreement may or may not complete, and the Bonds and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **REASONS FOR ISSUE OF THE BONDS AND USE OF PROCEEDS**

The Company's business focuses on real estate business. It has a primary focus on the development of residential properties, as well as integrated residential and commercial properties, offering a range of products including apartments, villas, offices and retail shops.

The Directors consider the issue of the Bonds as an opportunity to obtain funding. Accordingly, the Directors consider the entering into and the terms of the Subscription Agreement fair and reasonable and are in the interests of the Shareholders and the Company as a whole.

The gross proceeds from the issue of the Bonds will be approximately U.S.\$290,000,000, and the net proceeds from the issue of Bonds, after deducting the underwriting commissions in connection with the issuance of the Bonds, will amount to approximately U.S.\$284,800,000.

The Company intends to use the net proceeds from the issue of the Bonds for general corporate purposes.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company did not conduct any fund raising exercise by way of issue of equity securities in the past 12 months immediately preceding the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE

The Conversion Shares to be issued upon conversion of the Bonds will rank *pari passu* in all respects with the Shares then in issue on the relevant Conversion Date.

The following table illustrates (1) the existing shareholding structure as at the date of this announcement; (2) the shareholding structure assuming the Bonds are fully issued and converted into new Shares at the initial Conversion Price of HK\$2.9875 per Share each, on the assumptions that there will be no other change to the share capital of the Company from the date of this announcement until the completion of the conversion of the Bonds in full:

Shareholder	Existing (as at the date of this announcement)		Assuming the Bonds are fully converted into Shares at the initial Conversion Price of HK\$2.9875 each	
	No. of Shares	% of issued share capital of the Company	No. of Shares	% of enlarged share capital of the Company
China Merchants Group Co., Ltd	3,646,889,329	74.35%	3,646,889,329	64.45%
Dr. So Shu Fai	32,054,066	0.65%	32,054,066	0.57%
Public	1,226,314,465	25.00%	1,226,314,465	21.67%
Bondholders	0	0%	752,873,974	13.31%
	<u>4,905,257,860</u>	<u>100%</u>	<u>5,658,131,834</u>	<u>100%</u>

## STANDBY LETTER OF CREDIT

The Bonds have the benefit of the Standby Letter of Credit denominated in U.S. dollars issued by the LC Bank in favour of the Trustee, on behalf of itself and the Bondholders. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of the Bondholders upon the presentation of a demand by authenticated SWIFT sent by the Trustee to the LC Bank stating that (i) the Issuer has failed to comply with the Conditions in relation to pre-funding the amount which is payable under the Conditions and/or failed to provide the required confirmations in accordance with the Conditions, (ii) an event of default has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with the Conditions; or (iii) the Issuer has failed to pay the fees, expenses and other amounts in connection with the Bonds, the Trust Deed or the Agency Agreement when due and such failure continues for a period of seven days from the Trustee delivery its written demand to the Issuer. Each drawing on the Standby Letter of Credit will be payable in U.S. dollars to or to the order of the Trustee at the time and to the account specified in the demand presented to the LC Bank.

Every payment made under the Standby Letter of Credit in respect of any amount payable under the Conditions or in connection with the Bonds, the Trust Deed or the Agency Agreement shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Issuer in respect of such amount payable under the Conditions or in connection with the Bonds, the Trust Deed or the Agency Agreement.

The LC Bank's liability under the Standby Letter of Credit shall be expressed and payable in U.S. dollars and shall not exceed U.S.\$300,000,000, an amount representing the aggregate principal amount of U.S.\$290,000,000 of the Bonds plus interest payable in accordance with the Conditions plus any fees, expenses and all other amounts payable by the Issuer in connection with the Bonds, the Trust Deed and the Agency Agreement. The Standby Letter of Credit expires at 5.00 p.m. (Hong Kong time) on 23 July 2018.

## **SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES**

Trading in the Shares on the Hong Kong Stock Exchange was suspended with effect from 3.06 p.m. on 2 June 2015 at the request of the Company pending the publication of this announcement. An application has been made to the Hong Kong Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 3 June 2015.

## **DEFINITIONS**

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

“Agency Agreement”	the paying, conversion and transfer agency agreement to be entered into between the Issuer, the Company, the Trustee and the agents named therein
“Board”	the board of Directors
“BofA Merrill Lynch”	Merrill Lynch Far East Limited
“Bonds”	Bonds with an initial principal amount of U.S.\$290,000,000 to be issued by the Issuer pursuant to the Subscription Agreement which are convertible into Conversion Shares
“Bondholder(s)”	holder(s) of the Bonds
“Change of Control”	the occurrence of one or more of the following events:  (i) CMG ceases to hold (directly or indirectly) at least 40 per cent. of the issued share capital of any entity which holds (directly or indirectly) the Company as a subsidiary (being the “ <b>Relevant Entity</b> ”); or

- (ii) any “person” or “group” is or becomes the beneficial owner, directly or indirectly, of the issued share capital of the Relevant Entity greater than such share capital held beneficially (directly or indirectly) by CMG; or
- (iii) the Relevant Entity ceases to hold (directly or indirectly) at least 50.1 per cent. of the issued share capital of the Company; or
- (iv) the government of the PRC or persons under the Control of the government of the PRC cease to directly or indirectly or in combination Control CMG; or
- (v) the Company consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control over the Company or the successor entity; or
- (vi) one or more persons (other than a Relevant Entity or CMG) acquires the beneficial ownership of all or substantially all of the Company’s issued share capital

“China Merchants Securities (HK)”	China Merchants Securities (HK) Co., Limited
“Closing Date”	23 June 2015, or such later date as the Issuer, the Company and the Joint Lead Managers may agree
“CMG”	China Merchants Group Ltd
“CMPD”	China Merchants Property Development Co., Ltd
“Company”	China Merchants Land Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Hong Kong Stock Exchange
“Conditions”	the terms and conditions in relation to the Bonds
“Control”	(where applicable): (i) the ownership or control of the Relevant Percentage of Voting Rights of the issued share capital of a person or (ii) the nomination or designation of the Relevant Percentage of the members then in office of a person’s board of directors.
“Conversion Date”	the conversion date in respect of a Bond

“Conversion Price”	the price at which Conversion Shares will be issued upon conversion of the Bonds which will initially be HK\$2.9875 per Share and will be subject to adjustment in the manner provided in Conditions
“Conversion Right”	the right of each Bondholder to convert such Bond into Shares credited as fully paid in accordance with the Conditions
“Conversion Shares”	the Shares to be issued by the Company upon conversion of the Bonds
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders in the annual general meeting of the Company held on 23 April 2015, under which the Company may allot and issue up to 981,051,572 Shares
“Group”	the Company and its subsidiaries from time to time
“Guarantee”	the Company’s obligation to guarantee on a senior basis the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Interest Payment Date”	23 June and 23 December in each year, starting on (and including) 23 December 2015
“Issue Documents”	the Trust Deed, the Agency Agreement and the Standby Letter of Credit
“Issuer”	Cosmos Boom Investment Limited, a company incorporated in the British Virgin Islands with limited liability, and a wholly-owned subsidiary of the Company
“Joint Lead Managers”	BofA Merrill Lynch, CCB International Capital Limited, China Merchants Securities (HK) and DBS Bank Ltd.
“Last Trading Day”	2 June 2015

“LC Bank”	China Construction Bank Corporation, Hong Kong Branch
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Lock-up Shares”	the relevant Shares held by the Lock-up Shareholders which are subject to the Shareholder Lock-up Agreements
“Offering Circular”	the Offering Circular to be published on the Publication Date in connection with the issuance of the Bonds
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Publication Date”	the date the Offering Circular is to be published
“Regulation S”	Regulation S under the U.S. Securities Act
“Relevant Indebtedness”	means any indebtedness issued outside the PRC which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market)
“Relevant Percentage”	in determining whether the government of the PRC or persons under the Control of the government of the PRC has Control of CMG, “Relevant Percentage” shall mean 50.1 per cent.; and in determining whether the government of the PRC has Control over a person, “Relevant Percentage” shall mean 100 per cent.
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company
“Shareholders”	the holder(s) of the Shares
“Shareholders Lock-up Agreements”	the Shareholders Lock-up Agreements dated on or about 2 June 2015 signed by each of the Lock-up Shareholders in relation to the Lock-up Shares
“Standby Letter of Credit”	an irrevocable standby letter of credit to be issued by the LC Bank in connection with the issuance of the Bonds

“Subscription Agreement”	the subscription agreement entered into between the Issuer, the Company and the Joint Lead Managers dated 2 June 2015 in respect of the issue of the Bonds
“Trading Day”	a day when the Hong Kong Stock Exchange or, as the case may be an alternative stock exchange is open for dealing business, provided that if no closing price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days
“Trust Deed”	the trust deed to be entered into between the Issuer, the Company and the Trustee
“Trustee”	The Hongkong and Shanghai Banking Corporation Limited
“U.S.” or “United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“U.S.\$” or “U.S. dollars”	United States dollar, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933, as amended
“Voting Rights”	means the right generally to vote at a general meeting of shareholders of a person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency, and any such voting power shall therefore be excluded for the purpose of this definition)
“%”	per cent.

By the order of the Board  
**China Merchants Land Limited**  
**Mr. He Jianya**  
*Chairman*

Hong Kong, 3 June 2015

*As at the date of this announcement, the Board comprises Dr. So Shu Fai, Mr. Xian Yaoqiang, Mr. Liu Zhuogen and Mr. Yu Zhiliang as Executive Directors; Mr. He Jianya, Ms. Wu Zhenqin and Ms. Liu Ning as Non-executive Directors and Dr. Wong Wing Kuen, Albert, Ms. Chen Yanping, Dr. Shi Xinping and Mr. He Qi as Independent Non-executive Directors.*