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## **CULTURE LANDMARK INVESTMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 674)**

### **MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF LONGISLAND TOURISM INVESTMENT & DEVELOPMENT LIMITED INVOLVING THE ISSUE OF CONVERTIBLE BONDS**

**Financial adviser to Culture Landmark Investment Limited**



#### **THE ACQUISITION AND THE ISSUE OF CONVERTIBLE BONDS**

The Vendor and the Company entered into the Acquisition Agreement on 1 August 2013 (after trading hours) pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Share, representing entire issued share capital of the Target Company at the Consideration. The Target Company will indirectly own the Xi'an Project through the Project Companies after the Restructuring and before the Completion.

The Company will issue the Convertible Bonds as part of the Consideration. No application will be made for the listing of the Convertible Bonds. Application will be made to the Listing Committee for the listing of and permission to deal in the Conversion Shares.

#### **IMPLICATIONS OF THE LISTING RULES**

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 25% but fall below 100%, the Acquisition constitutes a major transaction for the Company and will be subject to the approval of the Shareholders by way of poll pursuant to Chapter 14 of the Listing Rules at the SGM.

## **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Acquisition Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds together with the allotment and issue of the Conversion Shares pursuant to the exercise of the Conversion Rights.

A circular containing, among others, (i) further details of the Acquisition and the issue of the Convertible Bonds; (ii) financial and other information of the Group; (iii) financial and other information of the Target Group; (iv) pro forma financial information of the enlarged Group upon Completion; and (v) the notice of the SGM, will be despatched to the Shareholders in accordance with the Listing Rules. Based on the information currently available, the Directors expected that the circular will be despatched on or before 5 September 2013 as more time will be required to prepare the information to be included in the circular pursuant to the Listing Rules.

**As the Completion is subject to the Conditions Precedent, the Acquisition may or may not proceed. Shareholders and investors should exercise caution when dealing in securities of the Company.**

Reference is made to the announcement of the Company dated 14 June 2013 in relation to MOU I and MOU II (the “**MOU Announcement**”). The Board is pleased to announce that the Vendor and the Company entered into the Acquisition Agreement on 1 August 2013 (after trading hours) as anticipated under MOU II. Details of the Acquisition Agreement and the transactions contemplated thereunder are set out below:

## **ACQUISITION AGREEMENT**

### **Principal terms of the Acquisition Agreement**

**Date:** 1 August 2013

**Parties:** (1) the Company (as the Purchaser)  
(2) the Vendor

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

### **Assets to be acquired**

Pursuant to the Acquisition Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Share, representing entire issued share capital of the Target Company. The Target Company will indirectly own the Xi'an Project through the Project Companies after the Restructuring and before the Completion.

## **Consideration**

The Consideration for the Sale Share is HK\$400,000,000, which will be satisfied in the following manner:

- (a) HK\$20,000,000 has been paid by the Purchaser to the Vendor as Earnest Money pursuant to MOU II;
- (b) Partial Payment amounting to HK\$60,000,000 is payable by the Purchaser to the Vendor within five (5) business days after the execution of the Acquisition Agreement;
- (c) Residual Payment amounting to HK\$70,000,000 is payable by the Purchaser to the Vendor, which may, at the sole discretion of the Purchaser, be partly settled by the Purchaser on such time and days between the date of execution of the Acquisition Agreement and the Completion Date, and in any event the full amount of the Residual Payment shall be settled on or before the Completion Date; and
- (d) HK\$250,000,000 is payable by the Purchaser to the Vendor by way of issue of the Convertible Bonds to the Vendor or its nominee at Completion.

In order to maintain reasonable amount of cash flow available for the Company, when determining the Consideration, the Convertible Bonds constituted a larger proportion of the Consideration comparing to the Cash Consideration.

The remaining Cash Consideration payable by the Purchaser to the Vendor may be paid in HK\$ or RMB at the exchange rate as quoted by the People's Bank of China at the close of business on the business day immediately preceding the relevant date of payment.

The Earnest Money was funded by internal resources of the Group and the remaining balance of the Cash Consideration will also be funded by the internal resources of the Group. Based on the management accounts of the Group as at 31 March 2013, the Group had cash balance of approximately HK\$187,756,090 which is sufficient to fund the remaining Cash Consideration under the Acquisition Agreement.

## **Basis of the Consideration**

The Consideration was arrived at based on normal commercial terms and after arm's length negotiations between the Company and the Vendor with reference to (i) the preliminary valuation of the Xi'an Project of RMB558,000,000 as at 30 April 2013 by the Valuer; (ii) the prospects of the Xi'an Project; (iii) the financial position of the Group; and (iv) other factors set out in the paragraph headed "Reasons for the Acquisition" in this announcement. Based on the factors mentioned above and, in particular, the preliminary valuation of the Xi'an Project by the Valuer, the Consideration payable by the Group is considered by the Board as fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## Conditions Precedent

It shall be the Conditions Precedent of Completion that prior thereto:

- (a) the Restructuring having been duly completed in accordance with all applicable laws and regulations in the PRC;
- (b) all necessary consents, approvals, permits and/or authorisations in respect of each of the Restructuring, the carrying on the business by each Target Group Company and the transactions contemplated under the Acquisition Agreement having been obtained;
- (c) the PRC Legal Advisers having issued the PRC Legal Opinion;
- (d) the Valuer having issued the Valuation Report;
- (e) all warranties given by the Vendor set out in the Acquisition Agreement being true, accurate and not misleading at all times between the date of the Acquisition Agreement and the Completion Date (as though they had been made on such dates by reference to the facts and circumstances then subsisting);
- (f) there having been no material adverse change, or any development likely to involve a prospective material adverse change, in the condition (financial, operational or otherwise) or in the earnings, business affairs or business prospects, assets or liabilities of the Target Company or any Target Group Company, whether or not arising in the ordinary course of business since the date of the Acquisition Agreement;
- (g) the Purchaser having conducted due diligence exercise (legal and financial) on the Target Group and satisfied with the results thereof;
- (h) the Vendor having conducted due diligence exercise on the Group and satisfied with the results thereof;
- (i) the Listing Committee having granted (either unconditionally or subject to conditions to which neither the Purchaser nor the Vendor objects) listing of and permission to deal in the Conversion Shares to be issued by the Purchaser upon exercise of the Conversion Rights;
- (j) the issue of the Convertible Bonds and the issue of the Conversion Shares upon exercise of the Conversion Rights not having been deemed by the Stock Exchange as a new listing application under the Listing Rules;
- (k) the acquisition of the Convertible Bonds by the Vendor not having been deemed by the SFC as invoking a general offer obligation on the part of the Vendor; and
- (l) the Shareholders having passed relevant resolutions in approving, among others, the Acquisition Agreement and the transactions contemplated therein and the issue of the Conversion Shares upon exercise of the Conversion Rights in general meeting.

Save for (i) and (l) above, all Conditions Precedent may be jointly waived by the Company and the Vendor by written consent. The Company and the Vendor agreed to use their best endeavours to ensure that the Conditions Precedent are fulfilled as early as practicable and in any event not later than the Long Stop Date. The Company and the Vendor further undertook to provide all reasonable assistance to each other to fulfill the Conditions Precedent.

If the Conditions Precedent have not been fulfilled on or before the Long Stop Date,

- (a) the Acquisition Agreement will lapse and become null and void and the Company and the Vendor will be released from all obligations hereunder, save for liabilities for any antecedent breaches hereof; and
- (b) the Earnest Money, the Partial Payment and any settled Residual Payment shall be rebated to the Purchaser within three (3) days (“Due Date”) from the Long Stop Date without interest, failing which, the Vendor shall pay daily interest of 0.1% to the Purchaser on any such amount in default from the Due Date until repayment in full as liquidated damages.

The area covered in the PRC Legal Opinion as described in condition (c) above include:

1. each of the Target Group Companies, if established in the PRC, has been duly established and is validly subsisting as at the Completion Date;
2. each of the Target Group Companies, if established in the PRC, has obtained all necessary consents, approvals, permits and/or authorisations to carry on its business;
3. the Restructuring (as far as PRC law is involved) has been duly completed in accordance with all applicable laws and regulations in the PRC;
4. the Xi’an Project is wholly owned by the Project Companies and is free from all Encumbrances;
5. there is no title defect in respect of any of the Properties; and
6. such other matters as may be required by the Purchaser in respect of either or all of the Restructuring, the Target Group Company (if incorporated in the PRC), the Acquisition and the Xi’an Project.

## **Completion**

Completion shall take place at the office of the Purchaser at Rooms 2501-2505, 25th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong at 5 p.m. on the Completion Date (or at such other place, on such other time and/or day as the Company and the Vendor may agree in writing) when all the Conditions Precedent having been fulfilled or waived by the parties.

## **CONVERTIBLE BONDS**

HK\$250,000,000 of the Consideration under the Acquisition Agreement will be satisfied by the issue of the Convertible Bonds by the Company to the Vendor or its nominee on Completion.

Upon Completion and assuming the full exercise of the Conversion Rights attaching to the Convertible Bonds at the conversion price of HK\$0.62 by the Bondholders, the Company will issue an aggregate of 403,225,806 Conversion Shares, representing (i) approximately 67.34% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 40.24% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares. However, no Conversion Right shall be exercised if it will result in (a) over 29.90% of the issued capital of the Company being held by one person and his concerted parties or a change of control within the meaning of the Hong Kong Code on Takeovers and Mergers; or (b) insufficient public float of the Shares.

No application will be made for listing of the Convertible Bonds. Application will be made to the Listing Committee for the listing of and permission to deal in the Conversion Shares.

**The principal terms of the Convertible Bonds are as follows:**

**(1) Principal amount**

HK\$250,000,000 in aggregate.

**(2) Interest**

The Convertible Bonds shall bear interest from the date of issue at the rate of 4.6% per annum on the principal amount of the Convertible Bonds outstanding, which subject to the terms and conditions of the Convertible Bonds, shall be payable every six (6) months from the Issue Date. Interest will accrue daily and be calculated on the actual number of days elapsed on the basis of a 365-day year.

**(3) Maturity Date**

In respect of each Convertible Bond, the date falling on the third anniversary of the Issue Date (the “**First Term**”), subject to (i) an automatic extension of one (1) year from the First Term (the “**Second Term**”), unless either the Company or the Bondholder(s) serves on the other party a written notice objecting to this extension one (1) month before the expiry of the First Term; and (ii) a further automatic extension of one (1) year from the Second Term, unless either the Company or the Bondholder(s) serves on the other party a written notice objecting to this extension one (1) month before the expiry of the Second Term.

**(4) Conversion**

Subject to the terms and conditions of the Convertible Bonds, the Bondholders shall have the Conversion Right to convert such Convertible Bonds into Conversion Shares, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) commencing from the end of the three-month period from the Issue Date up to (but excluding) the period of five (5) Business Days ending on the Maturity Date. A Conversion Right may only be exercised in integral multiples of HK\$5,000,000.

No Conversion Right shall be exercised if it will result in (a) over 29.90% of the issued capital of the Company being held by one person and his concerted parties or a change of control within the meaning of the Hong Kong Code on Takeovers and Mergers; or (b) insufficient public float of the Shares.

**(5) Conversion Price**

The Convertible Bonds will be converted at the initial conversion price of HK\$0.62 per Conversion Share which was determined after arm’s length negotiations between the Company and the Vendor with reference to the recent trading prices of the Shares. The initial conversion price of HK\$0.62 per Conversion Share represents:

- (a) a discount of approximately 29.55% to the closing price of HK\$0.88 per Share as quoted on the Stock Exchange on the Last Trading Day;



- (b) a discount of approximately 29.55% to the average closing price of approximately HK\$0.88 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 51.94% to the audited net asset value of HK\$1.29 per Share as at 31 March 2013 (based on the latest published audited consolidated net asset value of the Company of approximately HK\$772.40 million as at 31 March 2013 and 598,767,047 Shares in issue as at the Last Trading Day).

The Conversion Price was determined after arm's length negotiations among the parties to the Acquisition Agreement with reference to:

- (i) the average closing price per Share of HK\$0.549 for the last 30 consecutive trading days before the date of the MOU Announcement, with a premium of 12.93%. During the same period, the average daily trading volume was approximately 25,787 Shares which was considered a relatively low trading volume;
- (ii) the increase in the average closing price per Share after the date of the MOU Announcement by taking into consideration of the average closing price per Share of HK\$0.791 for the last 30 consecutive trading days after the date of the MOU Announcement, with a discount of 21.62%. During the same period, the average daily trading volume was approximately 635,960 Shares which significantly increased when compared with the period of 30 consecutive trading days before the MOU Announcement;
- (iii) the overall low trading volume of the Shares; and
- (iv) the discount represented by the Consideration to the preliminary valuation of the Xi'an Project.

#### **(6) Adjustments of the Conversion Price**

The Conversion Price will be subject to, among others, the following adjustments for dilutive events which may have adverse effects on the rights of the Bondholders:

- (a) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
- (b) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (c) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to the Shareholders (in their capacity as such) or a grant by the Company to the Shareholders (in their capacity as such) or rights to acquire for cash assets of the Company or any of its subsidiaries;
- (d) an offer to the Shareholders new Shares for conversion by way of rights or grant the Shareholders any options or warrants to subscribe for new Shares, at a price per new Share which is less than 90% of the market price at the date of the announcement of the terms of the offer or grant;

- (e) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of conversion for new Shares and the total effective consideration per new Share receivable for such securities is less than 90% of the market price on the date of announcement of the terms of the issue of such securities;
- (f) an issue of Shares by the Company wholly for cash at a price per Share which is less than 90% of the market price at the date of announcement of the terms of such issue; or
- (g) an offer or invitation to the Shareholders to tender for sale to the Company any Shares or the Company purchases any Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange, or any other stock exchange recognised for this purpose by the SFC or equivalent authority and the Stock Exchange), and (i) the Directors; and (ii) the approved merchant bank and auditors appointed by the Directors consider appropriate to make an adjustment to the Conversion Price.

#### **(7) Conversion Shares**

The Conversion Shares allotted and issued on conversion will be fully paid and will rank *pari passu* in all respects with, and within the same class as, the Shares in issue on the registration date of the Conversion Shares, except that the Conversion Shares so allotted will not rank for any dividend or other distribution declared or paid or made by reference to a record date for the payment of a dividend or other distribution with respect to the Shares on or prior to the registration date of the Conversion Shares in respect of the Convertible Bonds converted into such Conversion Shares.

#### **(8) Transferability**

The Convertible Bonds are transferable pursuant to the terms and conditions set out therein and all transfers shall be in integral multiples of HK\$5,000,000.

#### **(9) Voting rights at general meeting**

Bondholders will not entitle to receive notices of general meetings of the Company or to attend or vote at the general meetings of the Company by reason of it being a Bondholder.

#### **(10) Status**

Each Convertible Bond constitutes a direct unconditional, unsubordinated and unsecured obligations of the Company and at all times ranks *pari passu* and rateably without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) equally with all other unsecured and unsubordinated obligations of the Company. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by applicable legislation, rank at least equally with all its other present and future unsecured and unsubordinated obligations.

#### **(11) Redemption**

Unless previously cancelled or purchased or otherwise acquired and (at the election of the Company) cancelled, each Convertible Bond will be redeemed at 100% of the principal amount outstanding on the Maturity Date.



## SHAREHOLDING STRUCTURE OF THE COMPANY

Details of the shareholding structure of the Company (i) as at the date of this announcement; (ii) after Completion but before the conversion of the Convertible Bonds by the Vendor; and (iii) after Completion and the full conversion of the Convertible Bonds by the Vendor<sup>(Note 2)</sup>; and (iv) after Completion and conversion of the Convertible Bonds up to conversion limit by the Vendor, assuming that there is no other change in the share capital of the Company, are set out below:

	As at the date of this announcement		After Completion but before the conversion of the Convertible Bonds by the Vendor		After Completion and the full conversion of the Convertible Bonds by the Vendor <sup>(Note 2)</sup>		After Completion and conversion of the Convertible Bonds up to conversion limit by the Vendor	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>The Vendor or its nominee</b>	0	0	0	0	403,225,806	40.24	255,394,218	29.90
<b>Director</b>								
Cheng Yang <sup>(Note 1)</sup>	89,349,000	14.92	89,349,000	14.92	89,349,000	8.92	89,349,000	10.46
<b>Substantial Shareholders</b>								
China Resources (Holdings) Company Limited	66,666,666	11.13	66,666,666	11.13	66,666,666	6.65	66,666,666	7.80
<b>Public Shareholders</b>	<u>442,751,381</u>	<u>73.95</u>	<u>442,751,381</u>	<u>73.95</u>	<u>442,751,381</u>	<u>44.19</u>	<u>442,751,381</u>	<u>51.84</u>
<b>Total</b>	<u>598,767,047</u>	<u>100.00</u>	<u>598,767,047</u>	<u>100.00</u>	<u>1,001,992,853</u>	<u>100.00</u>	<u>854,161,265</u>	<u>100.00</u>

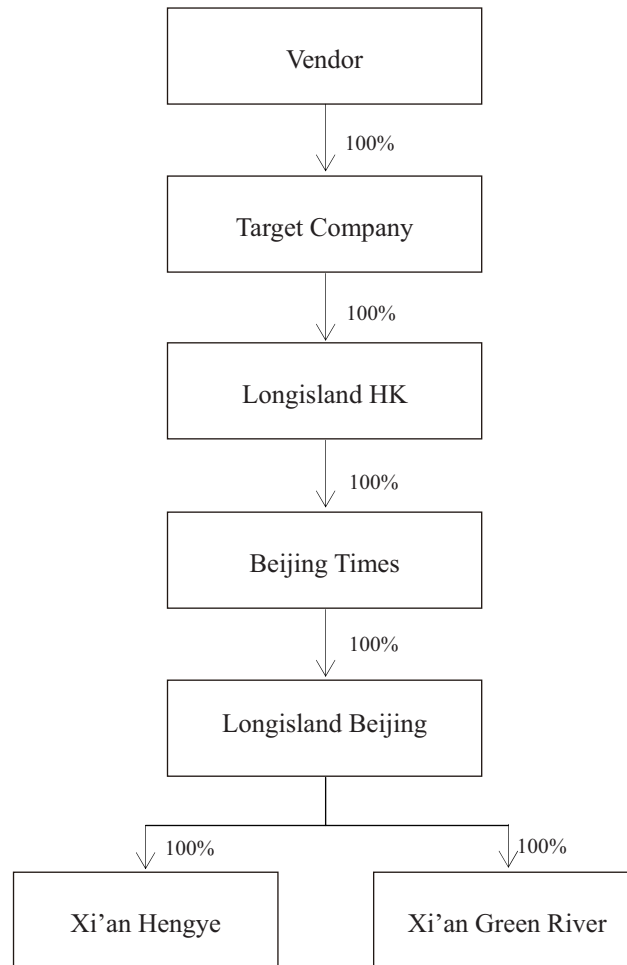
### Notes:

- 89,300,000 Shares were owned by Mr. Cheng Yang personally and 49,000 Shares were owned by his wife.
- This scenario is for illustrative purpose only and shall not occur.** Under the terms and conditions of the Convertible Bonds, the Conversion Rights cannot be exercised by any Bondholder to the extent that if immediately after such conversion, the Bondholder, whether alone or together with party(ies) acting in concert with it will, directly or indirectly, control or be interested in over 29.90% of the issued share capital of the Company.

## INFORMATION OF THE TARGET GROUP

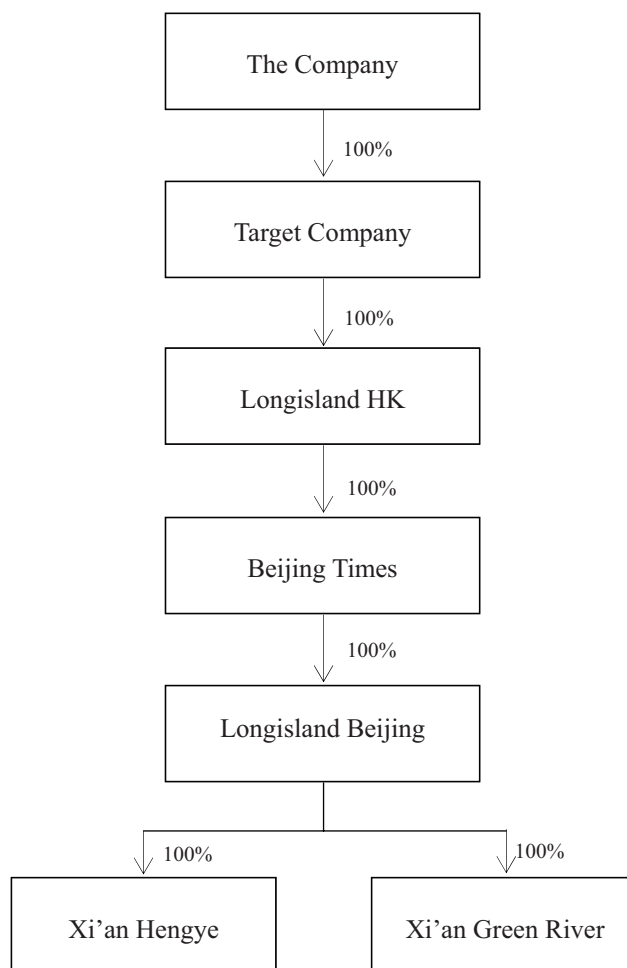
The Target Company is an investment company incorporated in the BVI and is wholly owned by the Vendor. The Vendor will become the ultimate holder of the Target Group after the Restructuring and before the Completion.

The corporate structure of the Target Group after the Restructuring and before the Completion:



Longisland HK is a limited liability company incorporated in Hong Kong and is an investment holding company; Beijing Times is a wholly-foreign owned enterprise established in the PRC and is an investment holding company; Longisland Beijing is a limited liability company established in the PRC and is an investment holding company; Xi'an Hengye is a limited liability company established in the PRC which principal business is to develop residential properties under the Xi'an Project; and Xi'an Green River is a limited liability company established in the PRC which principal business is to develop commercial properties under the Xi'an Project.

Upon Completion, the Company will become the ultimate holder of the Target Group. The corporate structure of the Target Group upon Completion:



## INFORMATION OF THE XI'AN PROJECT

Xi'an Project is a project located in 西安市滻灞生態區 (Chanba Ecological District of Xi'an City, the PRC) with the total land area of approximately 110,000 square meters and planned gross floor area of approximately 267,663 square meters. The Xi'an Project includes both commercial and residential constructions. The Xi'an Project is currently in a stage of early development and is undergoing the application process for construction.

There is an outstanding commitment in the sum of RMB210,000,000 to be paid by Xi'an Hengye in connection with the Xi'an Project.

## FINANCIAL INFORMATION OF THE TARGET GROUP

Selected financial information of Xi'an Hengye and Xi'an Green River as extracted from the audited accounts of the respective Target Group Companies for the two years ended 31 December 2011 and 2012 in accordance with the PRC generally accepted accounting principles and practices were as follows:

<b>Xi'an Hengye</b>	<b>For the year ended 31 December</b>	
	<b>2011</b> (audited) <i>RMB'000</i>	<b>2012</b> (audited) <i>RMB'000</i>
Net (loss) before taxation	(239)	(303)
Net (loss) after taxation	(239)	(303)

<b>Xi'an Green River</b>	<b>For the year ended 31 December</b>	
	<b>2011</b> (audited) <i>RMB'000</i>	<b>2012</b> (audited) <i>RMB'000</i>
Net (loss) before taxation	(2)	(7)
Net (loss) after taxation	(2)	(7)

The unaudited net asset value of Xi'an Hengye and Xi'an Green River as at 31 May 2013 were approximately RMB8,089,000 and RMB9,971,000, respectively.

A reconciliation of the net carrying value of the Properties per the unaudited management accounts of Xi'an Green River and Xi'an Hengye as at 31 May 2013 to the valuation of the Properties as at 30 April 2013 as set out in the Valuation Report is as follow:

	<i>RMB'000</i>
Valuation as at 30 April 2013 as set out in the Valuation Report	558,000
Less: outstanding commitment as at 31 May 2013	210,000
Less: net carrying value of the Properties in the balance sheets of Xi'an Hengye and Xi'an Green River as at 31 May 2013	<u>202,213</u>
Valuation surplus	<u><u>145,787</u></u>

## INFORMATION OF THE VENDOR

The Vendor is an investment holding company incorporated in BVI with limited liability which is owned by Mr. Cheung, an Independent Third Party, as at the date of this announcement.

Based on the information provided by Mr. Cheung, Mr. Cheung acquired the entire issued share capital of the Vendor from the original owner (“**Original Owner**”) pursuant to an equity transfer agreement dated 8 June 2013 at a consideration of HK\$370,000,000. According to the said equity transfer agreement, Mr. Cheung will provide his personal assets (as may be agreed between the parties which may include but not limited to the Convertible Bonds) to the Original Owner as

security for the remaining consideration payable by Mr. Cheung to the Original Owner. The transactions contemplated under the said equity transfer agreement have been completed and the Completion is not conditional upon or dependent on the said equity transfer agreement in any respect.

So far as the Directors are aware, the Vendor and the Original Owner are Independent Third Parties.

## **REASONS FOR THE ACQUISITION**

The Company is an investment holding company and its subsidiaries are principally engaged in property investment, property sub-leasing, licence fee collection business in the PRC, entertainment business, exhibition-related business and restaurant operations.

The Company has been actively seeking for investment opportunities to maximise the Shareholders' interests. The Board considers that Xi'an Project is a suitable investment opportunity and that the Acquisition would allow the Group to expand its core business and broaden its source of income. The Board is of the view that the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company currently intends to continue its existing business and there is no agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) about any disposal, termination or scaling down of the Company's existing businesses or assets up to the date of this announcement.

## **IMPLICATIONS OF THE LISTING RULES**

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 25% but fall below 100%, the Acquisition constitutes a major transaction for the Company and will be subject to the approval of the Shareholders by way of poll pursuant to Chapter 14 of the Listing Rules at the SGM.

## **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Acquisition Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds together with the allotment and issue of the Conversion Shares pursuant to the exercise of the Conversion Rights.

A circular containing, among others, (i) further details of the Acquisition and the issue of the Convertible Bonds; (ii) financial and other information of the Group; (iii) financial and other information of the Target Group; (iv) pro forma financial information of the enlarged Group upon Completion; and (v) the notice of the SGM will be despatched to the Shareholders in accordance with the Listing Rules. Based on the information currently available, the Directors expected that the circulars will be despatched on or before 5 September 2013 as more time will be required to prepare the information to be included in the circular pursuant to the Listing Rules.

**As the Completion is subject to the Conditions Precedent, the Acquisition may or may not proceed. Shareholders and investors should exercise caution when dealing in securities of the Company.**

## DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Share by the Purchaser from the Vendor pursuant to the Acquisition Agreement and anticipated under MOU II
“Acquisition Agreement”	the conditional sale and purchase agreement dated 1 August 2013 entered into between the Vendor and the Company in relation to the Acquisition
“Beijing Times”	北京譽祥時代科技有限公司 (Beijing Yuxiang Times Technology Limited*), a wholly foreign-owned enterprise established in the PRC and is wholly owned by Longisland HK
“Board”	the board of Directors
“Bondholders”	holders of the Convertible Bonds, and the term “ <b>Bondholder</b> ” shall be construed accordingly
“Business Day”	a day (other than Saturday) on which banks are open in Hong Kong for general banking business
“BVI”	the British Virgin Islands
“Cash Consideration”	HK\$150,000,000 which has been paid or has to be paid by the Company to the Vendor as part of the Consideration pursuant to the Acquisition Agreement
“Company” or “Purchaser”	Culture Landmark Investment Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the sub-paragraph headed “Completion” in this announcement
“Completion Date”	the tenth Business Day after the fulfilment (or waiver, as the case may be) of the Conditions Precedent for the completion of the Acquisition or such other date as may be agreed by the Vendor and the Purchaser in writing
“Conditions Precedent”	the conditions precedent set out in sub-paragraph headed “Conditions Precedent” in this announcement
“Consideration”	the total consideration for the Acquisition, being HK\$400,000,000. Details of the Consideration have been set out in the paragraph headed “Consideration” in this announcement
“Conversion Price”	HK\$0.62, being the initial conversion price per Conversion Share upon the exercise of the Conversion Rights attached to the Convertible Bonds, subject to the adjustments under the terms and conditions of the Convertible Bonds



“Conversion Right”	the right attached to the Convertible Bonds to convert the same or a part thereof into Conversion Shares
“Conversion Shares”	the Shares to be allotted and issued by the Company upon the exercise of the Conversion Right attached to the Convertible Bonds
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$250,000,000 to be issued in denomination of HK\$5,000,000 each by the Company to the Vendor or its nominee as part of the Consideration and due on the Maturity Date pursuant to the Acquisition Agreement
“Director(s)”	the directors of the Company
“Earnest Money”	HK\$20,000,000, which has been paid by the Purchaser to the Vendor pursuant to MOU II and forms part of the Cash Consideration
“Encumbrance”	any option, right to acquire, right of pre-emption, mortgage, charge, pledge, lien, hypothecation, title retention, right of set off, counterclaim, trust arrangement or other security or any equity or restriction
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	persons or companies which are independent of and not connected with any of the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries and their respective associates, and the term “ <b>Independent Third Party</b> ” shall be construed accordingly
“Issue Date”	date of issue of the Convertible Bonds at Completion
“Last Trading Day”	1 August 2013, being the last trading day prior to the signing of the Acquisition Agreement
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange with responsibility for considering applications for listing and the granting of listing on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Long Stop Date”	31 July 2014, being the date of 12 months after the execution of the Acquisition Agreement or such later date as may be agreed between the Vendor and the Purchaser

“Longisland Beijing”	北京長島恒業企業管理有限公司 (Beijing Longisland Hengye Enterprise Management Limited*), a limited liability company established in the PRC and is wholly owned by Beijing Times
“Longisland HK”	Longisland Travel Investment & Development (HK) Limited (長島旅遊投資發展(香港)有限公司), a limited liability company incorporated in Hong Kong and is wholly owned by the Target Company
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange, and for the avoidance of doubt, the Main Board exclude the Growth Enterprise Market
“Maturity Date”	in respect of each Convertible Bond, the date falling on the third anniversary of the Issue Date (the “ <b>First Term</b> ”), subject to (i) an automatic extension of one (1) year from the First Term (the “ <b>Second Term</b> ”), unless either the Company or the Bondholder(s) serves on the other party a written notice objecting to this extension one (1) month before the expiry of the First Term; and (ii) a further automatic extension of one (1) year from the Second Term, unless either the Company or the Bondholder(s) serves on the other party a written notice objecting to this extension one (1) month before the expiry of the Second Term
“MOU I”	the non legally-binding Chinese memorandum of cooperation entered into between the Company and Estate Fortune Limited dated 14 June 2013. Details of MOU I have been set out in the MOU Announcement
“MOU II”	the non legally-binding Chinese Memorandum of Cooperation entered into between the Company and the Vendor dated 14 June 2013 regarding the Acquisition. Details of MOU II have been set out in the MOU Announcement
“Mr. Cheung”	張廣生 (Mr. Cheung Kwong Sang), an Independent Third Party
“Partial Payment”	HK\$60,000,000 payable by the Purchaser to the Vendor within five (5) business days after the execution of the Acquisition Agreement
“PRC”	People’s Republic of China, which for the purposes of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“PRC Legal Advisers”	Commerce & Finance Law Offices

“PRC Legal Opinion”	the legal opinion (in form and substance satisfactory to the Purchaser) to be issued by the PRC Legal Advisers and dated on or about the Completion Date. The areas covered in the PRC Legal Opinion has been set out in the subsection headed “Conditions Precedent” in this announcement
“Project Companies”	Xi’an Hengye and Xi’an Green River
“Properties”	those properties developed or to be developed within the Xi’an Project and/or leased by the Target Group and the expression “ <b>Property</b> ” shall be construed accordingly
“Residual Payment”	HK\$70,000,000 payable by the Purchaser to the Vendor on or before the Completion Date
“Restructuring”	the restructuring to be undergone or being undergone by the Vendor, pursuant to which the Vendor shall become the sole legal and beneficial owner of each of the Target Group Company while the Target Company shall become the ultimate holding company of the Subsidiaries and all debts owed by any Target Group Company to the Vendor shall have been waived or otherwise assigned to other Target Group Company before the Completion
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	one (1) share of US\$1 each in the share capital of the Target Company, being its entire issued share capital
“SFC”	Securities and Futures Commission in Hong Kong
“SGM”	the special general meeting of the Company to be convened to consider and approve, among other things, the Acquisition Agreement and the transactions contemplated thereunder
“Shareholders”	holders of the Shares and the term “ <b>Shareholder</b> ” shall be construed accordingly
“Share(s)”	ordinary shares of HK\$0.05 each in the share capital of the Company, and where applicable, the term shall also include shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares and the term “ <b>Share</b> ” shall be construed accordingly
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiaries”	Longisland HK, Beijing Times, Longisland Beijing, Xi’an Hengye and Xi’an Green River
“Target Company”	Longisland Tourism Investment & Development Limited (長島旅遊投資發展有限公司), a company incorporated in BVI with limited liability and is wholly owned by the Vendor

“Target Group”	the Target Company, Longisland HK, Beijing Times, Longisland Beijing, Xi’an Hengye and Xi’an Green River, and the term “ <b>Target Group Company</b> ” means any of them
“US\$”	United States Dollars, the lawful currency of the United States of America
“Valuation Report”	the valuation report issued by the Valuer on Xi’an Project using a methodology acceptable to the Vendor and the Purchaser
“Valuer”	第一太平戴維斯物業顧問（廣州）有限公司深圳分公司 (Savills Property Services (Guangzhou) Limited Shenzhen Branch*), an Independent Third Party and the professional valuer appointed by the Vendor and acceptable to the Purchaser
“Vendor”	Bliss Zone Limited, a company incorporated in BVI with limited liability which is an Independent Third Party and the legal and beneficial owner of the entire issued share capital of the Target Company
“Xi’an Green River”	西安長島綠河置業有限公司 (Xi’an Longisland Green River Properties Limited*), a limited liability company established in the PRC and a wholly-owned subsidiary of Longisland Beijing after Restructuring
“Xi’an Hengye”	西安長島恒業置業有限公司 (Xi’an Longisland Hengye Properties Limited*), a limited liability company established in the PRC and a wholly-owned subsidiary of Longisland Beijing after Restructuring
“Xi’an Project”	西安錦綉森林項目 (Xi’an Jinxiu Forest project*), a land development project located in 中國西安市滄灞生態區 (Chanba Ecological District of Xi’an City, the PRC). Details of the Xi’an Project have been set out in the paragraph headed “Information of the Xi’an Project” in this announcement
“%”	per cent.

By Order of the Board  
**Culture Landmark Investment Limited**  
**Cheng Yang**  
*Chairman*

Hong Kong, 1 August 2013

*As at the date of this announcement, the executive Directors of the Company are Mr. Cheng Yang, Mr. Li Weipeng and Ms. Lei Lei; and the independent non-executive Directors are Mr. Tong Jingguo, Mr. Yang Rusheng and Mr. So Tat Keung.*

“\*” is for identification purpose only.