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海航國際投資集團有限公司

**HNA INTERNATIONAL INVESTMENT HOLDINGS LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 521)**

**PROPOSED ISSUANCE OF CONVERTIBLE BONDS  
UNDER THE SPECIFIC MANDATE**

**PROPOSED ISSUANCE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

The Board is pleased to announce that on 30 May 2016, the Company has entered into the Subscription Agreement with each of the Subscribers, pursuant to which, among other things, each of the Subscribers has severally agreed to subscribe and pay for the Bonds in an aggregate principal amount of US\$52,000,000, on the terms and subject to the conditions set out therein. The Bonds are convertible into Conversion Shares in the circumstances set out in the conditions at an initial Conversion Price of HK\$0.4 per Share (subject to adjustments).

Based on the initial Conversion Price of HK\$0.40 per Conversion Share, a maximum number of 1,011,400,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Bonds in the aggregate principal amount of US\$52,000,000 in full, which represent: (i) approximately 8.87% of the number of issued shares of the Company as at the date of this announcement; and (ii) approximately 8.15% of the number of issued shares of the Company as to be enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attached to the Bonds in full.

The Conversion Shares to be issued upon the exercise of the conversion rights shall rank *pari passu* in all respects among themselves and with all other fully paid Shares in issue on the conversion date of the Bonds.

The estimated net proceeds of the Subscription after deduction of expenses, will amount to approximately HK\$402,860,000. The proceeds are currently intended to be applied towards the general working capital of the Group and for acquisition and expanding the Group's business.

The Conversion Shares to be issued upon exercise of the conversion rights attached to the Bonds at the Conversion Price (subject to adjustments) will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the GM.

No application will be made for the listing of the Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon the exercise of the conversion rights attached to the Bonds.

Closing of the Subscription is subject to the satisfaction and/or waiver of the conditions precedent therein.

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

## **GENERAL**

The GM will be held for the Shareholders to consider and, if thought fit, approve the ordinary resolutions in respect of the grant of the Specific Mandate. To the best of the Directors' knowledge, information and belief, no Shareholder has an interest in the Specific Mandate that is materially different from the other Shareholders, therefore no Shareholder is required to abstain from voting at the GM in respect of the Specific Mandate.

A circular containing, among other things, (i) details of the Specific Mandate; (ii) a notice of the GM; and (iii) other information as required under the Listing Rules, is expected to be dispatched to the Shareholders on or before 8 June 2016.

The Board is pleased to announce that on 30 May 2016, the Company has entered into the Subscription Agreement with each of the Subscribers, pursuant to which, among other things, each of the Subscribers has severally agreed to subscribe and pay for the Bonds in an aggregate principal amount of US\$52,000,000 (equivalent to HK\$404,560,000 according to the Fixed Exchange Rate), on the terms and subject to the conditions set out therein and summarised below.

## **THE SUBSCRIPTION AGREEMENT**

### **Date**

30 May 2016 (after trading hours)

### **Parties**

- (1) The Company (as the issuer);
- (2) (i) HTI Fund; and  
(ii) China Everbright Securities  
(each a “Subscriber” and collectively “Subscribers”)

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, each of the Subscribers and its ultimate beneficial owners is an Independent Third Party.

## **The Subscription**

Subject to the fulfilment of the conditions set out below in the sub-section headed “Conditions Precedent to the Subscription”, each of the Subscribers has agreed severally to subscribe and pay for the Bonds to be issued by the Company on the Closing Date in the amount set out opposite each Subscriber’s name as follows:

<b>Name of each Subscriber</b>	<b>Amount of subscription</b>
HTI Fund	US\$26,400,000 (equivalent to HK\$205,392,000 according to the Fixed Exchange Rate)
China Everbright Securities	US\$25,600,000 (equivalent to HK\$199,168,000 according to the Fixed Exchange Rate)

## **Conditions Precedent to the Subscription**

Completion of the Subscription pursuant to the Subscription Agreement is conditional upon the following conditions:

- (i) the warranties of the Company in the Subscription Agreement being true and correct in all material respect as at the date of the Subscription Agreement and on the Closing Date;
- (ii) the Company having performed all of its obligations under the relevant Transaction Documents required to be performed on or before the Closing Date;
- (iii) the execution and delivery of the relevant Transaction Documents by the respective parties;
- (iv) the Company having obtained all consents and approvals necessary to complete the Subscription at Closing including but not limited to (a) the passing of a resolution by the Shareholders in the GM approving the grant of the Specific Mandate, and (b) the grant of approval by the Stock Exchange for the issue of the Bonds and (subject to conditions as set out in the listing approval) the listing of and permission to deal in all the Conversion Shares to be issued upon exercise of the conversion rights which has not been withdrawn or revoked;
- (v) after the date of the Subscription Agreement up to and at the Closing Date, there not having occurred any change (nor any development or event involving a prospective change), in the financial or business condition, prospects, results of operations or general affairs of the Company and the Group taken as a whole, which, in the reasonable opinion of the Subscribers, is material and adverse in the context of the issue of the Bonds, provided that any change that have resulted from any of the following shall not constitute a material adverse change: (i) any change that generally affects the industry(ies) or market(s) in which the Group operates; (ii) any change in the financial markets or general economic or political conditions; (iii) any change in law or any accounting principle applicable to the Group; and (iv) any change in the price or trading volume of the Shares; and

(vi) the warranties of each of the Subscribers in the Subscription Agreement being true and correct in all material respect as at the date of the Subscription Agreement and on the Closing Date.

Conditions precedent in respect of the Company's obligations under paragraphs (i) to (v) above may be waived by the Subscribers in writing (except in relation to the grant of the Specific Mandate and the grant of approval for the issue of the Bonds and the listing of and permission to deal in all the Conversion Shares to be issued), while conditions precedent in respect of the Subscribers' obligations under paragraphs (iii) and (vi) may be waived by the Company in writing.

As at the date of this announcement, all the conditions precedent to the Closing are yet to be satisfied and/or (as the case may be) waived.

## **PRINCIPAL TERMS OF THE BONDS**

The principal terms of the Bonds are set out as below:

**Issuer:** The Company

**Principal amount:** US\$52,000,000

**Interest:** The Bonds shall bear interest from and including the Issue Date to and excluding the Maturity Date on the outstanding amount of the Bonds at the interest rate of 8% per annum ("**Interest Rate**").

Each Bond will cease to bear interest (a) where the conversion right attached to it shall have been exercised by a Bondholder, from and including the relevant date of registration of the Conversion Shares in the Company's share register in Hong Kong; and (b) where such Bond is redeemed, from the due date for redemption or repayment thereof unless, upon due presentation, payment of the full amount due is improperly withheld.

If the Company fails to pay any sum when due and payable under the terms of the Bonds, interest shall accrue on the overdue sum at the default rate of 12% per annum in addition to the Interest Rate on a daily simple basis from and including the due date and ending on and excluding the date on which full payment on such sum is made to the relevant Bondholder in accordance with the terms of the Bonds.

**Maturity Date:** two (2) years from the date of the Issue Date

**Issue Price:** 100% of the principal amount

**Conversion Period:** Subject to certain conditions, the Bondholders have the right to convert their Bonds into Conversion Shares at the Conversion Price at any time on and after a date which is 6 months after the Issue Date up to the close of business on the 7th Business Day prior to the Maturity Date or if such Bond shall have been called for redemption before the Maturity Date, then up to and including the close of business on a date prior to the date of giving the notice of redemption, provided that such conversion rights can only be exercised in respect of the Bonds in the aggregate principal amount of not less than US\$600,000 and in the integral multiples of US\$100,000.

The Bondholder shall not exercise any conversion rights to issue Conversion Shares to a person who is a connected person or who will, as a result of such issue, become a connected person of the Company unless with the prior consent of the Company.

**Conversion Shares:** Based on the initial Conversion Price of HK\$0.40 per Conversion Share, a maximum number of 1,011,400,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Bonds in the aggregate principal amount of US\$52,000,000 in full, which represent: (i) approximately 8.87% of the number of issued Shares of the Company as at the date of this announcement; and (ii) approximately 8.15% of the number of issued Shares of the Company as to be enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attached to the Bonds in full.

**Conversion Price:** The price at which Conversion Shares will be issued upon conversion will initially be HK\$0.4 per Conversion Share. The initial Conversion Price of HK\$0.4 represents: (i) a discount of approximately 13.98% to the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 12.28% to the average closing price of HK\$0.456 per Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day; and (iii) a discount of approximately 10.71% to the average closing price of HK\$0.448 per Share as quoted on the Stock Exchange for the ten trading days up to and including the Last Trading Day.

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

The Conversion Price is subject to adjustment for, amongst other things, consolidation, subdivision or reclassification, capitalisation of profits or reserves, distributions, rights issues of Shares or options over Shares at less than 95% of the then current market price, rights issues of other securities, issues at less than 95% of the then current market price, other issues at less than 95% of the then current market price, modification of rights of conversion price of securities to less than 95% of the then current market price, other offers to Shareholders and other dilutive events, subject to certain exceptions. The Conversion Price may not be reduced so that, on conversion of the Bonds, Conversion Shares would fall to be issued at a price not permitted by applicable law.

**Ranking of the  
Conversion Shares:**

The Conversion Shares to be issued upon the exercise of the conversion rights shall rank *pari passu* in all respects among themselves and with all other fully paid Shares in issue on the conversion date of the Bonds.

**Financial Covenants:**

Subject to the term as described in the sub-section headed “Redemption upon relaxation of Financial Covenants”, the Company shall for so long as any Bonds are outstanding maintain, as of 30 June and 31 December in each year only, (x) the ratio of the Consolidated Total Borrowings to “net assets” (as defined in the latest audited or interim unaudited, whichever is later, consolidated financial statements of the Company) at less than 4 and (y) the aggregate of “bank balances and cash” (as defined in the latest audited or interim unaudited, whichever is later, consolidated financial statements of the Company) at not less than HK\$60,000,000, provided that this covenant (the “**Financial Covenants**”) shall be tested by reference to the latest audited or interim unaudited, whichever is later, consolidated financial statements of the Company only.

**Redemption at  
Maturity:**

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Bond at the outstanding principal amount on the Maturity Date.

**Redemption at  
the option of the  
Company:**

The Company may, having given not less than 7 days’ notice to the Bondholders, redeem the Bonds in whole but not in part at any time if, immediately prior to the date of the relevant notice is given, conversion rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90% or more in principal amount of the Bonds originally issued.

**Redemption for the Company falling below the public float requirement, suspension of trading or change in control:**

Each Bondholder shall have the right to require the Company to redeem all (but not some) of such Bondholder's Bonds at the principal amount together with interest accrued to such date (if any) when the following occurs: (i) when the Company becomes aware of that the public float of the Shares on the Stock Exchange has fallen below the requirements under the Listing Rules (other than as a result of any of the Subscribers and their respective associates (as defined in the Listing Rules) (each a "**Subscriber Person**") (or if any Bonds are or were held by a person other than a Subscriber Person at any time, any such person or any of their respective associates (as defined in the Listing Rules)) by its or their own action(s) becoming a core connected person (as defined in the Listing Rules) and the Company continues to fail to meet such requirement for a period equal to or exceeding twenty (20) consecutive trading days commencing from the first day on which the Company becomes aware of such failure; (ii) when the Shares cease to be listed or admitted to trading or are suspended for trading for a period equal to or exceeding 60 consecutive trading days (if such suspension for trading is made in relation to any transaction (as defined in Chapter 14 of the Listing Rules) entered into or proposed to be entered into by the Company or any of its subsidiaries) or 20 consecutive trading days (in any other case, including the situation where the Shares are suspended for trading due to the public float of the Shares on the Stock Exchange falling below the requirements under the Listing Rules) on a relevant stock exchange; or (iii) when HNA Group Co. Ltd. cease to be the single largest direct or indirect holder of the total number of issued Shares of the Company.

**Redemption on an event of default:**

Upon the occurrence of an event of default and a notice is served by the Bondholder(s) of more than 50% in the principal amount of the Bonds for the time being outstanding to the Company, the Company shall redeem all or such part of the Bonds at the Mandatory Redemption Amount together with accrued and unpaid interest at the Interest Rate plus, if applicable in accordance with the terms of the Bond, at the default rate of 12% per annum.

**Redemption upon relaxation of Financial Covenants:**

If and when the Company or its subsidiaries enters into or proposes to enter into a definitive agreement to conduct any transaction (as defined in Chapter 14 of the Listing Rules), the Company shall have the right to terminate and remove the Financial Covenants, in whole or in part, at any time and from time to time by giving a notice specifying the Financial Covenants (or the relevant part thereof) which shall be terminated and removed ("**Relaxation Notice**") to all the Bondholders. The Financial Covenants shall be deemed terminated, in whole or in part, according to the Relaxation Notice with effect from the date of the Relaxation Notice.

Following the giving of a Relaxation Notice by the Company, each Bondholder will have the right at such Bondholder's option, to require the Company to redeem all, but not some only, of such Bondholder's Bonds at a price equal to 102 per cent. of the principal amount of such Bonds.

**Transferability:** The Bonds are freely transferable subject to certain restricted transfer periods, provided that:

- (i) no transfer shall be made to a connected person of the Company without prior consent of the Company; and
- (ii) a Bond may not be transferred unless the principal amount of the Bond transferred is in the denomination of US\$100,000.

**Status:** The Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws, at all times rank at least equally with all of the Company's other present and future unsecured and unsubordinated obligations.

**Negative Pledge:** So long as any Bond remains outstanding, the Company will not, and will procure that none of its Principal Subsidiaries will, create, or permit to subsist any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, unless, at the same time or prior thereto, the Company's obligations under the Bonds (a) are secured equally and rateably therewith, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Bondholder in its absolute discretion shall deem to be not materially less beneficial to the Bondholder or as shall be approved by an Extraordinary Resolution of the Bondholder or by Bondholders 75% Majority.

**Listing:** No application will be made for the listing of the Bonds on the Stock Exchange or any other stock exchange.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon the exercise of the conversion rights attached to the Bonds.

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

The Conversion Shares to be issued upon exercise of the conversion rights attached to the Bond at the Conversion Price (subject to adjustments) will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the GM.



## REASONS FOR AND BENEFITS OF THE ISSUE OF THE BOND

The Directors are of the view that the issue of the Bonds can (i) further strengthen the financial position of the Group, and (ii) strengthen its capital base without having an immediate dilution effect on the shareholding of the existing Shareholders.

The Directors consider that the Subscription Agreement (together with the terms of the Bonds) is entered into following arm's length negotiations between the Company and the Subscribers and that the terms of the Subscription Agreement and the terms of the Bonds are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

## USE OF PROCEEDS

The estimated net proceeds of the Subscription after deduction of expenses, will amount to approximately HK\$402,860,000. The proceeds are currently intended to be applied towards the general working capital of the Group and for acquisition and expanding the Group's business. The net price for each Conversion Share is estimated to be approximately HK\$0.398 (subject to adjustments).

## INFORMATION OF THE GROUP

As at the date of this announcement, the Group is principally engaged in (1) the core business involved in the provision of recreational and tourism services (including the operation of golf club and provision of hotel and leisure services) (the "**Tourism Business**"); and (2) the affiliated business involved in the development and provision of system integration solutions, system design and sale of system hardware (the "**Intelligent Information Business**"). As disclosed in annual report of the Group for the year ended 31 December 2015, the Group's digital television technical solution and related business (the "**DTV Business**") had been discontinued.

As disclosed in the announcement of the Company dated 13 January 2016 and the circular of the Company dated 17 March 2016, the Company entered into a sale and purchase agreement with Viva Success Investments Limited (as buyer) and Zhongcheng Zhihuiyun (Hangzhou) Information Technology Company Limited\* (中程智慧雲(杭州)信息科技有限公司) (as buyer's guarantor) in relation to a proposed disposal of 100% of the issued share capital of a wholly-owned subsidiary of the Company which is principally engaged in the Intelligent Information Business. It is expected that the Company will cease to carry on the Intelligent Information Business subject to completion of such disposal transaction. On the other hand, as disclosed in the annual report of the Group for the year ended 31 December 2014, the Group's DTV Business had been discontinued, and it had been the intention of the Company to dispose of such discontinued operation as and when the opportunity materialises. As disclosed in the announcement of the Company dated 7 March 2016, the Company entered into a non-legally binding memorandum of understanding with China TriComm Ltd. as the intended purchaser in relation to the disposal of the Group's DTV Business. Such disposal transaction may or may not materialise, and if it does, further announcement will be made by the Company as and when appropriate.

As disclosed in the announcement of the Company dated 18 April 2016, the Company entered into a sale and purchase agreement with Fourteen Ninety Two Limited in relation to a proposed acquisition of a real property known as Building B-4, 17 Columbus Courtyard, Canary Wharf, London E14 4DA and Building B-4A, an extension to 17 Columbus Courtyard, Canary Wharf, London E14 4DA (as registered at the land registry in the United Kingdom under title number EGL 382798) which, subject to completion, will enable the Company to expand into the business of property investment (the “**Property Investment Business**”).

It is expected that, subject to the completion of each of the above mentioned transactions, the Group will be principally engaged in the Tourism Business and the Property Investment Business. It is the intention of the Company to continue to strengthen and expand such principal businesses, and at the same time explore opportunities to further diversify the Group’s businesses with a view to further enhancing the growth of the Group and creating value for Shareholders.

## **INFORMATION OF THE SUBSCRIBERS**

### *China Everbright Securities*

China Everbright Securities is a company incorporated in Hong Kong with limited liability, which provides financial services.

### *HTI Fund*

HTI Fund is an open-ended exempted segregated portfolio company incorporated with limited liability under the laws of the Cayman Islands. The principal activity of HTI Fund is to invest in diversified portfolios. HTI Fund is managed by Harveston Asset Management Pte. Ltd., a company incorporated with limited liability in Singapore. Harveston Asset Management Pte. Ltd. carries on business in fund management and is a holder of a capital markets service licence for fund management under the Securities and Futures Act of Singapore. It has investment experience and is well versed in many kinds of investment products and services.

## CHANGES OF SHAREHOLDING STRUCTURE

The table below set out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon full conversion of the Bonds (if issued) at the initial Conversion Price (assuming there is no other change to the total number of issued Shares of the Company):

Shareholders	At the date of this Announcement		Upon full conversion of the Bonds at the initial Conversion Price (assuming there is no other change in the number of issued shares of the Company)	
	<i>Number of Shares</i>	<i>Approximate percentage</i>	<i>Number of Shares</i>	<i>Approximate percentage</i>
HNA Group Co., Ltd.	7,619,374,189	66.84%	7,619,374,189	61.39%
HTI Fund	0	0.00%	513,480,000	4.14%
China Everbright Securities	0	0.00%	497,920,000	4.01%
Others	3,780,621,912	33.16%	3,780,621,912	30.46%
Total number of shares	<u>11,399,996,101</u>	<u>100.00%</u>	<u>12,411,396,101</u>	<u>100.00%</u>

## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

<b>Date of announcement(s)</b>	<b>Event</b>	<b>Net proceeds and intended use</b>	<b>Actual use of proceeds</b>
4 June 2015	Placing of existing shares and subscription of new shares under generate mandate (granted to the Directors by the Shareholders at the annual general meeting held on 28 May 2015, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting)	HK\$68.85 million  The net proceeds are intended to be used for general working capital.	The proceeds were mainly used for repayment of loans that were obtained for general working capital purpose.

Date of announcement(s)	Event	Net proceeds and intended use	Actual use of proceeds
30 August 2015 and 17 November 2015	Rights issue of 7,328,568,922 rights shares at the subscription price of HK\$0.376 per rights share on the basis of 9 rights shares for every 5 existing shares	<p>HK\$2,751.08 million</p> <p>About 90% of the net proceeds are intended to be used for acquisition and expanding the Group's business into one of the following: (i) property investments in Hong Kong or overseas (including countries in Northern America and Europe); or (ii) property development projects in Hong Kong, Southeast Asia, Northern America and Europe which have attracted a large number of Chinese migrants; or (iii) infrastructure investments such as airport, toll road and ports in Northern America or Europe.</p> <p>About 10% of the net proceeds (approximately HK\$275.11 million) are intended to be used for general working capital including but not limited to the possible repayment of borrowings and the possible redemption of convertible securities.</p>	<p>Approximately HK\$275.11 million (about 10% of the net proceeds) was used as general working capital of the Group (including the redemption of convertible securities).</p> <p>Approximately HK\$2,475.97 million is unutilized as at the date of this announcement. It is the current intention of the Company that (i) approximately HK\$1,441.0 million will be used for paying the consideration for the acquisition of the property in London as disclosed in the announcement dated 18 April 2016, and (ii) the remaining unutilized portion will be used for acquisition and expanding the Group's business.</p>

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

## GENERAL

The GM will be held for the Shareholders to consider and, if thought fit, approve the ordinary resolutions in respect of the grant of the Specific Mandate. To the best of the Directors' knowledge, information and belief, no Shareholder has an interest in the Specific Mandate that is materially different from the other Shareholders, therefore no Shareholder is required to abstain from voting at the GM in respect of the Specific Mandate.

A circular containing, among other things, (i) details of the Specific Mandate; (ii) a notice of the GM; and (iii) other information as required under the Listing Rules, is expected to be dispatched to the Shareholders on or before 8 June 2016.

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

## DEFINITIONS

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

<b>“Board”</b>	means the board of Directors
<b>“Bonds”</b>	means the 24 months unlisted bonds in principal amount of US\$52,000,000 to be issued by the Company in accordance with the terms of the Subscription Agreement
<b>“Bondholder”</b>	means person who is for the time being the registered holder of a Bond
<b>“Bondholders 75% Majority”</b>	means any Bondholder(s) of, in aggregate, not less than 75% in principal amount of the Bonds outstanding for the time being
<b>“Business Day”</b>	means a day other than a Saturday or Sunday on which commercial banks are open for business in Hong Kong
<b>“China Everbright Securities”</b>	means China Everbright Securities International Structured Finance Company Limited, a company incorporated in Hong Kong with limited liability
<b>“Closing”</b>	means closing of the Subscription in accordance with the Subscription Agreement
<b>“Closing Date”</b>	means a date which is no later than the 5th Business Day upon which the GM is held for approving the grant of Specific Mandate, provided that in any event such date shall be no later than 6 July 2016

<b>“Company”</b>	means HNA International Investment Holdings Limited, a limited liability company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange
<b>“Consolidated Total Borrowings”</b>	means, in respect of the Group, the aggregate of any moneys borrowed and drawn-down by them (for the avoidance of doubt, except and exclude (i) any intercompany loans among the Company and its subsidiaries, (ii) any trade and bills payables, (iii) other payables, deposits received, receipt in advance and accruals, (iv) financial guarantee liabilities, (v) tax liabilities, whether deferred or otherwise, (vi) deferred revenue, (vii) promissory note and (viii) provisions)
<b>“Conversion Price”</b>	means the conversion price per Conversion Share and initially at HK\$0.4 per Conversion Share (subject to adjustments)
<b>“Conversion Share(s)”</b>	means the Share(s) to be allotted and issued upon conversion of the Bonds
<b>“Directors”</b>	means the directors of the Company
<b>“DTV Business”</b>	has the meaning ascribed to it in the section headed “Information of the Group”
<b>“Extraordinary Resolution”</b>	means a resolution passed at a meeting of Bondholders by not less than 75 per cent of the votes cast
<b>“Financial Covenants”</b>	has the meaning ascribed to it in the section headed “Principal Terms of the Bonds”
<b>“Fixed Exchange Rate”</b>	means the fixed exchange rate of US\$1.00 to HK\$7.78 or another exchange rate as agreed by the Company and the Bondholders 75% Majority as set out in the terms of the Bonds
<b>“GM”</b>	means the general meeting of the Company to be held for considering, and if thought fit, approving the Specific Mandate
<b>“Group”</b>	means the Company and its subsidiaries
<b>“HTI Fund”</b>	means Haitong International Investment Fund SPC, an open-ended exempted segregated portfolio company incorporated with limited liability under the laws of the Cayman Islands under registration number 305945 with registered office at PO Box 309, Uglan House, Grand Cayman KY1-1104, Cayman Islands, as the subscriber of the Bonds, acting on behalf of and for the account of Haitong International Investment Fund SPC – Fund I SP
<b>“HK\$”</b>	means Hong Kong dollars, the lawful currency of Hong Kong

<b>“Hong Kong”</b>	means the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Independent Third Party(ies)”</b>	means a person independent of the Company and its connected person (as defined in the Listing Rules)
<b>“Intelligent Information Business”</b>	has the meaning ascribed to it in the section headed “Information of the Group”
<b>“Interest Rate”</b>	has the meaning ascribed to it in the section headed “Principal Terms of the Bonds”
<b>“Issue Date”</b>	means the issue date of the Bonds
<b>“Last Trading Day”</b>	means 27 May 2016, being the last trading day preceding the date of signing of the Subscription Agreement
<b>“Listing Rules”</b>	means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
<b>“Mandatory Redemption Amount”</b>	<p>means such amount as determined in accordance with the following formula:</p> <p>Mandatory Redemption Amount = outstanding principal amount of such Bond being redeemed × (1.15)<sup>N</sup> – all interests accrued (whether paid or payable) by the Company at the Interest Rate plus, if applicable in accordance with the terms of the Bonds, at the default rate of 12% per annum, in respect of the said outstanding principal amount of such Bond being redeemed from and including the Issue Date up to and excluding the date of payment of the Mandatory Redemption Amount</p>
<b>“Maturity Date”</b>	two (2) years from the date of the Issue Date
<b>“Principal Subsidiaries”</b>	<p>means any subsidiary of the Company as to which one or more of the following conditions is satisfied:</p> <ul style="list-style-type: none"> <li>(i) its revenue or consolidated revenue attributable to the Company is at least 5 per cent. of the consolidated revenue of the Company; or</li> <li>(ii) its gross assets or consolidated gross assets attributable to the Company are at least 5 per cent. of the consolidated gross assets of the Company; or</li> <li>(iii) its profit after tax or consolidated profit after tax attributable to the Company, is at least 5 per cent. of the consolidated profit after tax of the Company</li> </ul>

<b>“Property Investment Business”</b>	has the meaning ascribed to it in the section headed “Information of the Group”
<b>“Relaxation Notice”</b>	has the meaning ascribed to it in the section headed “Principal Terms of the Bonds”
<b>“Relevant Indebtedness”</b>	means any present or future indebtedness in the form of, or represented by debentures, loan stock, bonds, notes, bear participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which, in each case, are quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market (whether or not initially distributed by way of private placement)
<b>“Subscribers”</b>	collectively, HTI Fund and China Everbright Securities
<b>“Subscriber Person”</b>	has the meaning ascribed to it in the section headed “Principal terms of the Bonds”
<b>“Subscription”</b>	means the issue of the Bonds by the Company to each of the Subscribers in the aggregate principal amount of US\$52,000,000 pursuant to the Subscription Agreement
<b>“Subscription Agreement”</b>	means the subscription agreement dated 30 May 2016 entered into between the Company and each of the Subscribers in relation to the Subscription
<b>“SFO”</b>	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
<b>“Share(s)”</b>	means ordinary share(s) in the share capital of the Company
<b>“Shareholder(s)”</b>	means the holder(s) of the Shares
<b>“Specific Mandate”</b>	means the specific mandate to be sought from the Shareholders at the GM for the allotment and issue of the Conversion Shares upon full conversion of the Bonds at the Conversion Price (subject to adjustments)
<b>“Stock Exchange”</b>	means The Stock Exchange of Hong Kong Limited
<b>“Tourism Business”</b>	has the meaning ascribed to it in the section headed “Information of the Group”
<b>“Transaction Documents”</b>	means collectively, the Subscription Agreement, the bond instrument and the bond certificate



“US\$” means the lawful currency of the United States of America

“%” means per cent.

By order of the Board  
**HNA International Investment Holdings Limited**  
**Xu Haohao**  
*Executive Director*

Hong Kong, 30 May 2016

*As at the date of this announcement, the Board comprises Mr. Zhao Quan (Executive Director and Chairman), Mr. Li Tongshuang (Executive Director and Vice-chairman), Mr. Xu Haohao (Executive Director and Executive President), Mr. Zhang Ke (Executive Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Wang Hao (Non-executive Director), Mr. Leung Kai Cheung (Independent Non-executive Director), Mr. Liem Chi Kit, Kevin (Independent Non-executive Director) and Mr. Lam Kin Fung, Jeffrey (Independent Non-executive Director).*

\* *for purpose of identification only*

# *The exchange rate adopted in this announcement for illustration purposes only  
US\$1.00 = HK\$7.78*