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# 361°

**361 Degrees International Limited**

**361度國際有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1361)**

**PROPOSED ISSUE OF  
US\$150,000,000 4.5% CONVERTIBLE BONDS DUE 2017**

**Sole Lead Manager and Sole Bookrunner**

**BofA Merrill Lynch**

On 13 March 2012, the Company and the Sole Lead Manager and Sole Bookrunner entered into the Subscription Agreement, pursuant to which the Sole Lead Manager and Sole Bookrunner has agreed to act as agent for the Company to procure, on a best efforts basis, subscribers to subscribe and pay for Convertible Bonds in an initial aggregate principal amount of US\$125,000,000. In addition, the Company has granted the Sole Lead Manager and Sole Bookrunner an option to require the Company to issue additional Convertible Bonds up to a further aggregate principal amount of US\$25,000,000. The option is exercisable, in whole or in part, on one or more occasions, solely at the discretion of the Sole Lead Manager and Sole Bookrunner on or before the 30th day following the Closing Date. On the same date, the Sole Lead Manager and Sole Bookrunner fully exercised the option, and additional Convertible Bonds in the principal amount of US\$25,000,000 will be issued.

The initial Conversion Price (subject to adjustment) is HK\$3.81, representing (i) a premium of approximately 27.4% over the closing price of the Shares as quoted on the Stock Exchange on 13 March 2012, (ii) a premium of 20.6% to the five-day average closing price of the Shares over the five trading days up to and including 13 March 2012, and (iii) a premium of 18.0% to the ten-day average closing price of the Shares over the ten trading days up to and including 13 March 2012.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$3.81 (converting into US\$0.49 at the Fixed Exchange Rate) per Share, the Convertible Bonds (including the additional Convertible Bonds) will be convertible into 305,464,567 Shares (subject to adjustment), representing approximately 14.8% of the issued share capital of the Company as at the date of this announcement and approximately 12.9% of the issued share capital of the Company as enlarged by the issue of such 305,464,567 Shares. The Conversion Shares will be allotted and issued by the Company pursuant to the general mandate granted to the Directors at the annual general meeting held on 6 October 2011.

The estimated net proceeds of the issue of the Convertible Bonds, after deduction of commission and expenses, are approximately US\$146.6 million. The net proceeds are all intended to be used by the Company for general corporate development and working capital.

**Completion of the Subscription Agreement is subject to fulfilment, or waiver, of the conditions set out below. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed “SUBSCRIPTION AGREEMENT” below for further information.**

**As the Subscription Agreement may or may not be completed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.**

The Company intends to apply for the listing of the Convertible Bonds on SGX-ST. The Company will also apply to the Stock Exchange for the listing of, and permission, to deal in the Conversion Shares.

## **SUBSCRIPTION AGREEMENT**

**Date:** 13 March 2012

**Parties:** The Company as issuer

Merrill Lynch Far East Limited as the Sole Lead Manager and Sole Bookrunner

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Sole Lead Manager and Sole Bookrunner and its ultimate beneficial owners is not a connected person of the Company and is a third party independent of and not connected with any of the connected persons (as defined in the Listing Rules) of the Company and is not acting in concert with any of the connected persons and each other.

Subject to fulfilment, or waiver, of the conditions precedent set out below, the Sole Lead Manager and Sole Bookrunner has agreed to act as agent for the Company to procure, on a best efforts basis, subscribers to subscribe and pay for the Convertible Bonds in an initial aggregate principal amount of US\$125,000,000. In addition, the Company has granted the Sole Lead Manager and Sole Bookrunner an option to require the Company to issue additional Convertible Bonds up to a further aggregate principal amount of US\$25,000,000. The option is exercisable, in whole or in part, on one or more occasions, solely at the discretion of the Sole Lead Manager and Sole Bookrunner on or before the 30th day following the Closing Date. On the same date, the Sole Lead Manager and Sole Bookrunner fully exercised the option in full, and additional Convertible Bonds in the principal amount of US\$25,000,000 will be issued.

### **Distribution**

The Sole Lead Manager and Sole Bookrunner has informed the Company that it intends to offer and sell the Convertible Bonds to not less than six independent placees. The Convertible Bonds will be offered and sold to persons whose ordinary business involves buying, selling or investing in securities outside the United States in reliance upon Regulation S of the Securities Act. None of the Convertible Bonds will be offered to the public in Hong Kong, nor will they be placed to any connected persons (as defined in the Listing Rules) of the Company. The Company will promptly notify the Stock Exchange if it becomes aware of any dealings in the Convertible Bonds by any connected person (as defined in the Listing Rules) of the Company.

The Sole Lead Manager and Sole Bookrunner may, to the extent permitted by applicable laws and directives, over-allot and effect transactions with a view to supporting the market price of the Convertible Bonds and/or the Conversion Shares at a level higher than that which might otherwise prevail, but there is no obligation on the Sole Lead Manager and Sole Bookrunner to do so. Such stabilising, if commenced, may be discontinued at any time. The Sole Lead Manager will conduct any such stabilisation activities in accordance with applicable laws and regulations.

## **Undertakings**

The Company has, among other things, undertaken with the Sole Lead Manager and Sole Bookrunner that neither it nor any of its subsidiaries or affiliates over which it exercises management or voting control, nor any person acting on behalf of any of them, will, for a period from the date of the Subscription Agreement up to 90 days after the Closing Date (or (if later) the Option Closing Date) (both days inclusive), without the prior written consent of the Sole Lead Manager and Sole Bookrunner, issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal), any Shares or securities convertible or exchangeable into or exercisable for Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, including equity swaps, forward sales and options representing the right to receive any Shares (whether or not such contract is to be settled by delivery of Shares or such other securities, in cash or otherwise), save for Shares issued pursuant to (i) the conversion provisions of the Convertible Bonds and (ii) the publicly disclosed employee's share option scheme adopted by the Company on 10 June 2009.

The Company has also procured each of the Major Shareholders to execute a lock-up agreement, pursuant to which each of the Major Shareholders has undertaken not to sell any Shares or enter into other transactions with a similar effect for a period from the date of the Subscription Agreement up to 90 days after the Closing Date (or (if later) the Option Closing Date) (both days inclusive), other than the lending of Shares under the Stock Lending Deeds.

## Conditions Precedent

Completion of the Subscription Agreement is conditional upon, among other things:

- (i) the Sole Lead Manager and Sole Bookrunner being satisfied with the results of its due diligence investigations with respect to the Company and its subsidiaries for the purposes of the preparation of the Offering Memorandum, and the Offering Memorandum having been prepared in form and content satisfactory to the Sole Lead Manager and Sole Bookrunner;
- (ii) the execution and delivery of the Trust Deed and Agency Agreement, each in a form satisfactory to the Sole Lead Manager and Sole Bookrunner, and the delivery of all requisite consents and approvals in relation to the issue of the Convertible Bonds and the performance of its obligations under the Trust Deed, the Agency Agreement and the Convertible Bonds;
- (iii) the execution and delivery on the date of the Subscription Agreement of the respective Stock Lending Deeds, which shall remain, as at the Closing Date and the Option Closing Date (if any), in full force and effect and each of the Major Shareholders having complied with all the provisions of their respective Stock Lending Deeds, including delivering to the Sole Lead Manager and Sole Bookrunner the Shares borrowed by the Sole Lead Manager and Sole Bookrunner under their respective Stock Lending Deeds;
- (iv) each of the Major Shareholders having executed a lock-up agreement on the date of the Subscription Agreement in the form set out in the Subscription Agreement, which as at the Closing Date and the Option Closing Date (if any) shall remain in full force and effect;
- (v) upon the Publication Date and on the Closing Date and the Option Closing Date (if any), there shall have been delivered to the Sole Lead Manager and Sole Bookrunner comfort letters, dated the Publication Date in the case of the first letter and dated the Closing Date and the Option Closing Date (if any) in the case of subsequent letters, from the auditors of the Company, in a form satisfactory to the sole Lead Manager and Sole Bookrunner;

- (vi) at the Closing Date and the Option Closing Date (if any), the representations and warranties of the Company in the Subscription Agreement being true, accurate and correct at, and as if made on such date; the Company having performed all of its obligations under the Subscription Agreement to be performed on or before such date;
- (vii) at the Closing Date and the Option Closing Date (if any), there shall not have been any material adverse change, or any development reasonably likely to involve a prospective material adverse change, in the condition, financial, operational, legal or otherwise, or in the earnings, business affairs or business prospects of the Company, whether or not arising in the ordinary course of business;
- (viii) on or before the Closing Date and the Option Closing Date (if any), the delivery of the requisite Hong Kong, Cayman Islands, PRC and English legal opinions in the form and substance satisfactory to the Sole Lead Manager and Sole Bookrunner, and
- (ix) the Stock Exchange having granted the approval for the listing of the Shares to be issued upon conversion of the Convertible Bonds and SGX-ST having agreed, subject to any conditions satisfactory to the Sole Lead Manager and Sole Bookrunner, to list the Convertible Bonds.

The Sole Lead Manager and Sole Bookrunner may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the above conditions precedent.

### **Termination**

The Sole Lead Manager and Sole Bookrunner may, by notice to the Company given at any time prior to payment of the net subscription monies for the Convertible Bonds to the Company, terminate the Subscription Agreement in any of the following circumstances:

- (i) if there shall have come to the notice of the Sole Lead Manager and Sole Bookrunner any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Subscription Agreement;

- (ii) if any of the conditions precedent has not been satisfied or waived by the Sole Lead Manager and Sole Bookrunner on or prior to the Closing Date or the Option Closing Date, as the case may be;
- (iii) if in the opinion of the Sole Lead Manager and the Sole Bookrunner, there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change in the financial markets in Hong Kong, the Cayman Islands, the United States, the United Kingdom, any member of the European Union, the PRC, Japan or Singapore, or generally in the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over the counter market) or currency exchange rates or foreign exchange controls such as would in its view, be likely to prejudice materially the success of the offering of the Convertible Bonds and distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market;
- (iv) if on or after the date hereof there shall have occurred either of the following: (a) a suspension or limitation of trading in securities generally on the New York Stock Exchange, the Nasdaq Stock Market, Inc., the London Stock Exchange plc, the Shanghai Stock Exchange, Shenzhen Stock Exchange, the SGX-ST or the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; or (b) a suspension in trading in the Company's securities on the Stock Exchange, or (c) a general moratorium on commercial banking activities in Hong Kong, the Cayman Islands, the United States, the United Kingdom, any member of the European Union, the PRC, Japan or Singapore declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the Cayman Islands, the United States, the United Kingdom, any member of the European Union, the PRC, Japan or Singapore; or (d) a material change or development involving a prospective material change in taxation affecting the Company, the Convertible Bonds and the Shares to be issued upon conversion of the Convertible Bonds or the transfer thereof; or



- (v) if, in the opinion of the Sole Lead Manager and Sole Bookrunner, there shall have occurred any event or series of events (including 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 in its view be likely to prejudice materially the success of the offering and distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market.

**Completion of the Subscription Agreement is subject to fulfillment, or waiver, of the conditions set out above. In addition, the Subscription Agreement may be terminated under the circumstances set out above. As the Subscription Agreement may or may not be completed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.**

## **STOCK LENDING DEEDS**

On 13 March 2012, each of the Major Shareholders as lenders entered into the Stock Lending Deed with an affiliate of the Sole Lead Manager and Sole Bookrunner as borrower, to effect the lending of, in aggregate, up to 388,335,000 Shares from time to time. However, it is anticipated that the aggregate number of shares borrowed at any given time will not be more than 259,493,000 Shares, representing approximately 85.0% of the Conversion Shares into which the Convertible Bonds (including the additional Convertible Bonds) may be converted into based on the initial Conversion Price.

## **INITIAL CONVERSION PRICE AND CONVERSION SHARES**

The initial Conversion Price (subject to adjustment), being HK\$3.81 (converted into US\$0.49 at the Fixed Exchange Rate) per Share, represents;

- (i) a premium of approximately 27.4% over the closing price of the Shares as quoted on the Stock Exchange on 13 March 2012;
- (ii) a premium of 20.6% to the five-day average closing price of the Shares over the five trading days up to and including 13 March 2012; and
- (iii) a premium of 18.0% to the ten-day average closing price of the Shares over the ten trading days up to and including 13 March 2012.



The initial Conversion Price was determined after arms' length negotiations between the parties with reference to the prevailing market price of the Shares. The net price of each Conversion Share to the Company, based on the estimated net proceeds of approximately US\$146.6 million and 305,464,567 Conversion Shares (based on the initial conversion ratio of 203,643 Shares per Convertible Bond), is expected to be approximately US\$0.48.

Assuming full conversion of the Convertible Bonds (including the additional convertible Bonds) at the initial Conversion Price of HK\$3.81, the Convertible Bonds will be convertible into 305,464,567 Shares (subject to adjustment), representing approximately 14.8% of the issued share capital of the Company as at the date of this announcement and approximately 12.9% of the issued share capital of the Company as enlarged by the issue of such 305,464,567 Shares. The Conversion Shares will be allotted and issued by the Company pursuant to the general mandate granted to the Directors at the annual general meeting held on 6 October 2011.

## **PRINCIPAL TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS**

The principal terms of the Convertible Bonds, which will be constituted by the Trust Deed to be entered into between the Company and DB Trustees (Hong Kong) Limited, are summarised as follows:

### **Issuer**

The Company will be the issuer of the Convertible Bonds.

### **Principal Amount**

The aggregate principal amount of the Convertible Bonds will be US\$150,000,000.

### **Issue Price**

100% of the principal amount of the Convertible Bonds.

## **Interest**

The Convertible Bonds bear interest from (and including) on or about 3 April 2012 at the rate of 4.5% per annum calculated by reference to the principal amount thereof and payable in US dollars semi-annually in arrear in equal instalments on or about 3 April and on or about 3 October in each year, commencing with the interest payment date falling on or about 3 October 2012.

## **Conversion Right**

Holders of the Convertible Bonds have the right to convert their Convertible Bonds into Shares at any time during the Conversion Period at the then prevailing Conversion Price.

## **Conversion Price**

The Convertible Bonds will be convertible into Shares at an initial Conversion Price of HK\$3.81 (converting into US\$0.49 per Share at the Fixed Exchange Rate) per Share. The Conversion Price will be subject to adjustment for, among other things, consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, capital distributions, rights issues of shares or options over shares, rights issues of other securities, other dilutive events and change of control of the Company.

## **Conversion Period**

The Convertible Bonds may be converted into Shares at any time during the Conversion Period (currently expected to be on or after 14 May 2012 up to the close of business on or about 3 April 2017, or if such Convertible Bond has been called for redemption before the Maturity Date, then up to the close of business on a date no later than the seventh business day prior to the date fixed for redemption, or if notice requiring redemption has been given by the holder of such Convertible Bond, then up to the close of business on the day prior the giving of such notice).

## **Ranking of Conversion Shares**

The Conversion Shares will rank *pari passu* in all respects with the Shares then in issue on the relevant date of registration of holders of such Shares on the register of members of the Company.

## **Transfer**

Other than during closed periods and subject to the terms of the Agency Agreement in respect of the Convertible Bonds, the Convertible Bonds are transferable without restrictions.

## **Maturity**

Unless previously redeemed, converted, purchased and cancelled, the Company will redeem each Convertible Bond on the Maturity Date at 100% of its principal amount together with accrued and unpaid interest.

## **Redemption for Taxation Reasons**

At any time the Company may, having given not less than 30 nor more than 60 days' notice to the holders of Convertible Bonds, the trustee under the Trust Deed and the paying and conversion agent under the Agency Agreement (which notice shall be irrevocable), redeem all but not some only of the Convertible Bonds at a redemption price equal to their principal amount, together with accrued but unpaid interest to the date of redemption, if the Company satisfies the trustee immediately prior to the giving of such notice that (i) the Company has or will become obliged to pay any additional amounts in respect of any payment by the Company under or in respect of the Convertible Bonds, as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 13 March 2012, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Convertible Bonds then due.

If the Company gives a notice of redemption for taxation reasons, each holder of Convertible Bond(s) will have the right to elect that his Convertible Bonds shall not be redeemed and that any payment of principal or interest to be made in respect of such Convertible Bonds which falls due after the date fixed for redemption shall be made subject to the deduction of withholding of the relevant tax required to be withheld or deducted.

### **Redemption at the Option of the Company**

At any time after about 3 April 2015 and prior to the Maturity Date, on giving not less than 30 nor more than 60 days' notice to the trustee under the Trust Deed and the holders of the Convertible Bonds, the Company shall redeem all, but not some only, of the Convertible Bonds on the date specified in such notice at a redemption price equal to their principal amount at such date, together with accrued but unpaid interest to such date, if, for each of the 30 consecutive trading days, where the last day of such 30-trading day period falls within five trading days prior to the date upon which notice of such redemption is given, was at least 130% of the prevailing Conversion Price.

At any time on giving not less than 30 nor more than 60 days' notice to the trustee under the Trust Deed and the holders of Convertible Bonds, the Company shall redeem all, but not some only, of the Convertible Bonds at a redemption price equal to the principal amount as at such date, together with accrued but unpaid interest to such date, if, prior to the date 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 Convertible Bonds originally issued.

### **Redemption for Delisting or Change of Control**

When (a) the Shares cease to be listed or admitted to trading on the Stock Exchange (or if applicable, an alternative stock exchange), (b) there is a suspension in trading of the Shares on the Stock Exchange (or if applicable, an alternative stock exchange) and such suspension continues for a period of 30 consecutive days, or (c) there is a change of control with respect to the Company, the holder of each Convertible Bond will have the right, at such holder's option, to require, by giving notice to the paying and conversion agent under the Agency Agreement (which notice shall be irrevocable), the Company to redeem all but not some only of that holder's Convertible Bonds at a redemption price equal to their principal amount, together with accrued but unpaid interest to the date of redemption.

## **Redemption at the Option of the Holders of the Convertible Bonds**

On giving not less than 30 nor more than 60 days' notice to the paying and conversion agent under the Agency Agreement by holders of Convertible Bonds, the Company will, at the option of the holder of any Convertible Bonds, redeem all or some only of the Convertible Bonds of such holder on or about 3 April 2015 at a redemption price equal to the principal amount, together with accrued but unpaid interest to the date of redemption.

## **Form of the Convertible Bonds and Denomination**

The Convertible Bonds will be in registered form and in denomination of US\$100,000 each.

## **Ranking of the Convertible Bonds**

The Convertible Bonds, when issued, will constitute direct, unsubordinated, unconditional and (subject to the terms and conditions of the Convertible Bonds) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves.

## **Negative Pledge**

The Company has, among other things, also undertaken that, so long as any of the Convertible Bonds remains outstanding or any amount is due under or in respect of any Convertible Bond or otherwise under the Trust Deed, it will not, and will procure that none of its subsidiaries will, create or permit to subsist or arise any encumbrance (including mortgage, charge, pledge, lien or other encumbrance or security interest) upon the whole or any part of their respective present or future assets or revenues (including any uncalled capital) to secure any relevant indebtedness (being any future or present indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depository receipts, certificates of deposit or other similar securities or instruments which are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange or over the counter or any other securities market, whether or not initially distributed by way of private placement) of the Company or any subsidiary of the Company or any other person or entity or to secure any guarantee of or indemnity in respect of any such relevant indebtedness unless, at the same time or prior to it, the obligations of the Company under the Convertible Bonds are secured equally and rateably by the same encumbrance or, at the option of the Company, by such other security, guarantee, indemnity or other arrangement as the trustee under the Trust Deed in its absolute discretion shall deem to be not materially less beneficial to the holders of Convertible Bonds or as shall be approved by an extraordinary resolution of the holders of Convertible Bonds.

## **LISTING**

The Company intends to apply for the listing of the Convertible Bonds on the SGX-ST. The Company will also apply to the Stock Exchange for the listing of, and permission, to deal in the Conversion Shares.

## **REASONS FOR AND BENEFITS OF THE ISSUE OF THE CONVERTIBLE BONDS**

The Directors consider that issue of the Convertible Bonds represents an opportunity to broaden the capital base of the Company and to gain immediate access to funding on attractive terms. Taking into account the terms of the Convertible Bonds and the initial Conversion Price (which represents a 27.4% premium to the closing price of the Shares as quoted on the Stock Exchange on 13 March 2012), the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Convertible Bonds are fair and reasonable and are in the interest of the Shareholders taken as a whole.

## **USE OF PROCEEDS**

The estimated net proceeds of the issue of the Convertible Bonds (including the additional Convertible Bonds), after deduction of commission and expenses, are approximately US\$146.6 million. The net proceeds are all intended to be used by the Company for general corporate development and working capital.

## **FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS**

At the annual general meeting of the Company held on 6 October 2011, a general mandate was granted to the Directors to allot, issue and deal with the Shares not exceeding 20% of the issued share capital of the Company at the date of the passing of the resolution. As at the date of this announcement, no Shares have been allotted and issued by the Directors pursuant to such general mandate.

Apart from the issue of the Convertible Bonds, the Company has not raised any fund by issuing of equity securities during the 12 months immediately preceding the date of this announcement.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below summarises the shareholding structure of the Company (i) as at the date of this announcement; and (ii) assuming full conversion of the Convertible Bonds (including the additional Convertible Bonds) at the initial Conversion Price:

Name of Shareholder	As at the date of this announcement		Immediately after the full conversion of the Convertible Bonds (including the additional Convertible Bonds) at the initial Conversion Price	
	<i>No. of Shares</i>	<i>% of the issued share capital of the Company</i>	<i>No. of Shares</i>	<i>% of the enlarged share capital of the Company</i>
Dings International Company Limited <sup>(1)</sup>	375,000,000	18.14	375,000,000	15.80
Ming Rong International Company Limited <sup>(2)</sup>	360,000,000	17.41	360,000,000	15.17
Hui Rong International Company Limited <sup>(3)</sup>	360,000,000	17.41	360,000,000	15.17
Jia Wei International Co., Ltd. <sup>(4)</sup>	187,500,000	9.07	187,500,000	7.90
Jia Chen International Co., Ltd. <sup>(5)</sup>	187,500,000	9.07	187,500,000	7.90
Jian Tong Investments Co., Ltd. <sup>(6)</sup>	30,000,000	1.45	30,000,000	1.27
Holders of Convertible Bonds	–	–	305,464,567	12.87
Public	<u>567,602,000</u>	<u>27.45</u>	<u>567,602,000</u>	<u>23.92</u>
<b>TOTAL</b>	<b><u>2,067,602,000</u></b>	<b><u>100.00</u></b>	<b><u>2,373,066,567</u></b>	<b><u>100.00</u></b>



*Notes:*

- (1) Mr. Ding Wuhao, an executive Director and the president of the Company, is the director and ultimate beneficial owner of the entire issued share capital of Dings International Company Limited;
- (2) Mr. Ding Huihuang, an executive Director and the chairman of the Company, is the director and ultimate beneficial owner of the entire issued share capital of Ming Rong International Company Limited;
- (3) Mr. Ding Huirong, an executive Director and a vice president of the Company, is the director and ultimate beneficial owner of the entire issued share capital of Hui Rong International Company Limited;
- (4) Mr. Wang Jiabi, an executive Director and a vice president of the Company, is the director and ultimate beneficial owner of the entire issued share capital of Jia Wei International Co., Ltd.;
- (5) Mr. Wang Jiachen, a member of the senior management of the Company and the younger brother of Mr. Wang Jiabi, is the director and ultimate beneficial owner of the entire issued share capital of Jia Chen International Co., Ltd.; and
- (6) Mr. Ding Jiantong, the father of Mr. Ding Huihuang and Mr. Ding Huirong, is the director and ultimate beneficial owner of the entire issued share capital of Jian Tong Investments Co., Ltd..

## **INFORMATION ABOUT THE COMPANY**

The Company is one of the leading domestic sportswear enterprises in the PRC. It is primarily engaged in the design, development, production, marketing and distribution of high performance, innovative and stylish sportswear products, including athletic footwear, apparel and accessories.

**Completion of the Subscription Agreement is subject to fulfilment, or waiver, of the conditions set out above. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed “SUBSCRIPTION AGREEMENT” above for further information.**

**As the Subscription Agreement may or may not be completed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

“Agency Agreement”	a paying and conversion agency agreement to be entered into between the Company and Deutsche Bank AG, Hong Kong Branch, as paying and conversion agent in connection with the offering of the Convertible Bonds
“Closing Date”	on or about 3 April 2012, or such later date, not being later than 17 April 2012, as the Company and the Sole Lead Manager and Sole Bookrunner may agree on which the Convertible Bonds will be issued in an initial aggregate principal amount of US\$125,000,000
“Company”	361 Degrees International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Conversion Period”	on or after 14 May 2012 up to the close of business on or about 3 April 2017, or if such Convertible Bonds has been called for redemption before the Maturity Date, then up to the close of business on a date no later than the seventh business day prior to the date fixed for redemption, or if notice requiring redemption has been given by the holder of such Convertible Bond, then up to the close of business on the day prior the giving of such notice
“Conversion Price”	the price per Share at which the Convertible Bonds may be converted into Shares
“Conversion Shares”	Shares which may fall to be issued by the Company on conversion of the Convertible Bonds
“Convertible Bonds”	US dollar denominated 4.5% Convertible Bonds (including the additional Convertible Bonds) due 2017 in an aggregate principal amount of US\$150,000,000
“Directors”	directors of the Company
“Fixed Exchange Rate”	the fixed exchange rate between US\$ and HK\$ of US\$1.00 = HK\$7.7588, which is used for the purpose of, among others, determining the initial Conversion Price

“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Major Shareholders”	Dings International Company Limited, Hui Rong International Company Limited, Ming Rong International Company Limited, Jia Chen International Co., Ltd. and Jia Wei International Co., Ltd.
“Maturity Date”	on or about 3 April 2017
“Offering Memorandum”	the offering memorandum to be issued in connection with the offering of the Convertible Bonds
“Option Closing Date”	the date that the Sole Lead Manager and Sole Bookrunner may exercise its option to request the Company to issue the Convertible Bonds in an additional aggregate principal amount of US\$25,000,000 according to the terms of the Subscription Agreement
“PRC”	People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Securities Act”	United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholders”	holders of Shares
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company

“Sole Lead Manager and Sole Bookrunner”	Merrill Lynch Far East Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Sole Lead Manager and Sole Bookrunner on 13 March 2012, pursuant to which the Sole Lead Manager and Sole Bookrunner has agreed to act as agent for the Company to procure, on a best efforts basis, subscribers to subscribe and pay for the Convertible Bonds
“Stock Lending Deed(s)”	the stock lending deeds entered into between each of the Major Shareholders and the Sole Lead Manager and Sole Bookrunner on the date of the Subscription Agreement in connection with the lending of up to 388,335,000 Shares in aggregate by the Major Shareholders to the Sole Lead Manager and Sole Bookrunner
“Trust Deed”	a trust deed to be entered into between the Company and DB Trustee (Hong Kong) Limited in connection with the offering of the Convertible Bonds
“US\$”	US dollars, the lawful currency for the time being of the United States
“Publication Date”	the date of the Offering Memorandum
“United States”	the United States of America

By Order of the Board

**361 DEGREES INTERNATIONAL LIMITED**

**Ding Wuhao**

*Executive Director*

Hong Kong, 13 March 2012

*As at the date of this announcement, the board of directors of the Company comprises four executive directors, namely, Mr. Ding Wuhao, Mr. Ding Huihuang, Mr. Ding Huirong and Mr. Wang Jiabi, and three independent non-executive directors, namely, Mr. Yan Man Sing Frankie, Mr. Sun Xianhong and Mr. Liu Jianxing.*