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GREEN INTERNATIONAL
Holdings Limited
格林國際控股有限公司

**JUMBO FAITH
INTERNATIONAL LIMITED**
偉信國際有限公司
*(incorporated in the British Virgin
Islands with limited liability)*

**GREEN INTERNATIONAL
HOLDINGS LIMITED**
格林國際控股有限公司
*(incorporated in the Cayman Islands
with limited liability)*
(Stock code: 2700)

JOINT ANNOUNCEMENT

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AND THE APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER;**
AND
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Financial adviser to Jumbo Faith International Limited



A. CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE

On 25 January 2019 (after trading hours), the Company (as issuer) and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 754,716,981 Consolidated Shares (equivalent to 3,018,867,924 Existing Shares prior to the Share Consolidation) at the Subscription Price of HK\$0.212 per Subscription Consolidated Share (equivalent to HK\$0.053 per Existing Share prior to the Share Consolidation).

As at the date of this joint announcement, there are 2,874,196,656 Existing Shares in issue (or 718,549,164 Consolidated Shares following the Share Consolidation). The 754,716,981 Subscription Consolidated Shares (equivalent to 3,018,867,924 Existing Shares prior to the Share Consolidation) represent (i) approximately 105.0% of the issued share capital of the Company as at the date of this joint announcement; and (ii) approximately 51.2% of the issued share capital of the Company as enlarged by the 754,716,981 Subscription Consolidated Shares, assuming that there is no other changes in the issued share capital of the Company between the date of the Subscription Agreement and the Subscription Completion Date (except the Subscription and the Share Consolidation).

The Subscription Price of HK\$0.212 per Subscription Consolidated Share (equivalent to HK\$0.053 per Existing Share prior to the Share Consolidation): (i) represents a premium of approximately 8.16% over the theoretical closing price of HK\$0.196 per Consolidated Share, based on the closing price of HK\$0.049 per Existing Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) represents a premium of approximately 7.29% over the theoretical five-days' average closing price of HK\$0.1976 per Consolidated Share, based on the average closing price of HK\$0.0494 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days prior to but excluding the Last Trading Day.

The Subscription Consolidated Shares will be allotted and issued under the Specific Mandate to be obtained from the LR Independent Shareholders at the EGM. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Consolidated Shares.

The gross proceeds and net proceeds (after deducting costs and expenses incidental to the Subscription and the Offers) to be raised from the Subscription are expected to be approximately HK\$160 million and HK\$156 million, respectively. The net subscription price per Subscription Consolidated Share is approximately HK\$0.207 (equivalent to approximately HK\$0.052 per Existing Share prior to the Share Consolidation). The Board intends to apply the net proceeds as to: (a) approximately HK\$31 million for repaying the principal and interest incurred and to be incurred from the HK Yinger Loan Facility up to the maturity date of the HK Yinger Loan Facility (i.e. 12 February 2019) in an aggregate amount of HK\$30,975,000, which will be offset against the aggregated Subscription amount payable by the Subscriber to the Company in relation to the Subscription; (b) approximately HK\$15 million for the possible cash redemption of the Qianhai 2016 CB which will mature in April 2019; (c) approximately HK\$64 million being set aside for meeting repayment obligations of debts and liabilities of the Group; (d) approximately HK\$8 million for replenishing the capital requirements of the financial services companies of the Group; and (e) approximately HK\$38 million for the Group's general corporate expenses (such as salaries, rental expenses and professional fees) for the next twelve months.

As at the date of this joint announcement, the entire issued share capital of the Subscriber is wholly-owned by Ms. Zhou, who is the spouse of Mr. Yu, an executive Director and the chairman of the Board. The Subscriber is therefore considered as a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Upon the Subscription Completion, the shareholding of the Subscriber will increase from nil to approximately 51.2% of the issued share capital and total voting rights of the Company as enlarged by the Subscription Consolidated Shares, while the shareholding of the Subscriber and parties acting in concert with it (excluding Mr. Liu) will increase from approximately 34.4% to approximately 68.0% of the issued share capital and total voting rights of the Company as enlarged by the Subscription Consolidated Shares, assuming that there is no other change in the Company's issued share capital between the date of the Subscription Agreement and the Subscription Completion Date save and except for the Subscription and the Share Consolidation. Pursuant to Rule 26.1 of the Takeovers Code, immediately after the Subscription Completion, the Subscriber will be required to make a mandatory general offer for all the issued securities of the Company (other than those agreed to be acquired by the Subscriber).

B. SPECIAL DEAL IN RELATION TO LOAN REPAYMENT

The Company intends to apply approximately HK\$31 million from the net proceeds of the Subscription to repay the HK Yinger Loan Facility to HK Yinger. HK Yinger is a company wholly-owned by Mr. Yu, who is deemed to be interested in 987,697,627 Existing Shares (representing 34.36% of the existing issued share capital of the Company) due to his 35% direct and indirect shareholding in Gold Bless. As the Loan Repayment is not extended to all the other Shareholders, the Loan Repayment shall constitute a “special deal” under Rule 25 of the Takeovers Code and will be conditional upon obtaining the consent of the Executive under Note 5 to Rule 25 of the Takeovers Code. The Executive will normally consent to the Special Deal provided that: (i) the Independent Financial Adviser publicly states in its opinion that the Special Deal is arm’s length transaction on normal commercial terms and that its terms are fair and reasonable; and (ii) the Special Deal is approved at the EGM by way of poll by the TC Independent Shareholders. An application will be made by to the Executive for its consent to the Special Deal pursuant to Note 5 to Rule 25 of the Takeovers Code.

C. POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS

Upon the Subscription Completion, the shareholding of the Offeror will increase from nil to approximately 51.2% of the issued share capital and total voting rights of the Company as enlarged by the Subscription Consolidated Shares, while the shareholding of the Offeror and parties acting in concert with it (excluding Mr. Liu) will increase from approximately 34.4% to approximately 68.0% of the issued share capital and total voting rights of the Company as enlarged by the Subscription Consolidated Shares, assuming that there is no other change in the Company’s issued share capital between the date of the Subscription Agreement and the Subscription Completion Date save and except for the Subscription and the Share Consolidation. Pursuant to Rule 26.1 of the Takeovers Code, immediately after the Subscription Completion, the Offeror will be required to make a mandatory general offer for all the issued Shares and all the outstanding convertible bonds of the Company (other than those agreed to be acquired by the Offeror) and to cancel all the outstanding Share Options.

Upon the Subscription Completion, the Offers will be unconditional in all respects. Astrum, on behalf of the Offeror, will make the Offers on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Consolidated ShareHK\$0.212 in cash

The Share Offer Price of HK\$0.212 per Offer Consolidated Share is equal to the Subscription Price per Subscription Consolidated Share under the Subscription Agreement, which was arrived at after arm's length negotiations between the Company and the Offeror/the Subscriber with reference to the prevailing market price of the Existing Shares and the recent market conditions.

The Option Offer

For cancellation of each Adjusted Share OptionHK\$0.001 in cash

As the exercise price of HK\$1.28 per Consolidated Share (adjusted from the exercise price of HK\$0.32 per Existing Share prior to the Share Consolidation) for the Adjusted Share Options is above the Share Offer Price, the Share Options are out-of-money and the offer price for each Adjusted Share Option is a nominal value of HK\$0.001.

Following acceptance of the Option Offer, the relevant Adjusted Share Options together with all rights attaching thereto will be entirely cancelled and renounced.

The CB Offer

- (i) **For every HK\$1 face value of the Adjusted Qianhai 2016 CBHK\$0.1767 in cash**
- (ii) **For every HK\$1 face value of the Adjusted 2nd Ample Reach CBHK\$0.3029 in cash**
- (iii) **For every HK\$1 face value of the Adjusted 3rd Ample Reach CBHK\$0.3029 in cash**
- (iv) **For every HK\$1 face value of the Adjusted HK Yinger CBHK\$0.3118 in cash**
- (v) **For every HK\$1 face value of the Adjusted Zheyin Tianqin CBHK\$0.3118 in cash**

The above offer prices for the relevant Adjusted Convertible Bonds are determined in accordance with Rule 13 of the Takeovers Code as the "see-through" consideration for each relevant Adjusted Convertible Bonds, being the number of Consolidated Shares into which the relevant Adjusted Convertible Bonds are convertible multiplied by the Share Offer Price.

Irrevocable Undertaking

As at the date of this joint announcement, Mr. Liu (an executive Director and party presumed to be acting in concert with the Offeror under class (6) presumption under the definition of “acting in concert” under the Takeovers Code until the close of the Offers), through himself and Smoothly Good (a company wholly-owned by Mr. Liu), collectively holds 251,460,000 Existing Shares, representing approximately 8.75% of the total issued share capital of the Company. Mr. Liu and Smoothly Good have given the Mr. Liu Irrevocable Undertaking, pursuant to which they have irrevocably undertaken to the Offeror that they will not accept the Share Offer to be made by the Offeror, and that, from the date of the Mr. Liu Irrevocable Undertaking until the close of the Offers, they will not, whether directly or indirectly, sell, transfer, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in respect of any of the Existing Shares held by them any interest any of the Shares held by them, or otherwise make any of such Existing Shares available for acceptance.

As at the date of this joint announcement, Ample Reach holds 78,125,000 Existing Shares, representing approximately 2.72% of the total issued share capital of the Company, and is the holder of the 2nd Ample Reach CB and the 3rd Ample Reach CB. Ample Reach and its owner and controller, Mr. Huang, have given the Ample Reach Irrevocable Undertaking, pursuant to which they have irrevocably undertaken to the Offeror that they will not accept the Offers to be made by the Offeror, and that, from the date of the Ample Reach Irrevocable Undertaking until the close of the Offers, they will not, whether directly or indirectly, sell, transfer, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in respect of any of the Existing Shares held by Ample Reach, the 2nd Ample Reach CB and the 3rd Ample Reach CB, or in fact any Shares or interest in Shares held by them (if any), nor will they convert the 2nd Ample Reach CB and the 3rd Ample Reach CB into Shares or otherwise make any of such Existing Shares, the 2nd Ample Reach CB and the 3rd Ample Reach CB available for acceptance.

As at the date of this joint announcement, Fluent Robust (a wholly-owned subsidiary of HK Yinger, which in turn is a controlled corporation of Mr. Yu who is presumed to be acting in concert with the Offeror) is the holder of the HK Yinger CB. Mr. Yu, HK Yinger and Fluent Robust have given the HK Yinger Irrevocable Undertaking, pursuant to which they have irrevocably undertaken to the Offeror that they will not accept the CB Offer to be made by the Offeror, and that, from the date of the HK Yinger Irrevocable Undertaking until the close of the Offers, they will not, whether directly or indirectly, sell, transfer, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in respect of

the HK Yinger CB, or in fact any Shares or interest in Shares held by them (if any), nor will they convert the HK Yinger CB into Shares or otherwise make the HK Yinger CB available for acceptance.

The Offeror intends to fund the consideration payable under the Subscription and the Offers from its own financial resources. Astrum, being the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient resources are available to the Offeror to satisfy the amount of funds required for the Subscription Completion and the full acceptance of the Offers (excluding the Shares and Convertible Bonds held by the Non-accepting Securities Holders who have irrevocably undertaken not to accept the Offers).

Upon the Subscription Completion, the Offeror will become a controlling Shareholder of the Company. The Offeror intends to continue the existing businesses of the Group. The Offeror has no intention to discontinue the employment of any employees of the Group, change the composition of the Board and dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business.

The Offeror intends to maintain the listing of the Consolidated Shares on the Stock Exchange after the close of the Offers.

D. ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND THE APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to the Takeovers Code and the Listing Rules, the Independent Board Committee, comprising Mr. Wu Hong, Mr. David Tsoi and Mr. Wong Chunlin (being all of the non-executive Directors), was established by the Company to advise the Independent Shareholders in relation to (i) the terms of the Relevant Transactions and as to voting; and (ii) the Offers and in particular as to whether the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers. With the approval by the Independent Board Committee, Red Sun has been appointed by the Company to act as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to (i) the terms of the Relevant Transactions and as to voting; and (ii) the Offers and in particular as to whether the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers.

E. GENERAL

A circular containing, among other things, details of (i) the Relevant Transactions; (ii) the letter of advice from the Independent Board Committee to the Independent Shareholders on the Relevant Transactions; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Relevant Transactions; and (iv) a notice convening the EGM will be dispatched to the Shareholders on or before 1 March 2019.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Relevant Transactions. In compliance with the Listing Rules, all resolutions will be voted on by way of poll at the EGM.

It is the intention of the Offeror and the Board that the offer document from the Offeror and the offeree board circular from the Company be combined in a composite offer and response document. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document setting out, among other things, (i) details of the Offers (including the expected timetable and terms of the Offers); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offers; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Offers, together with the Forms of Acceptance, is required to be dispatched to the Shareholders within 21 days of the date of this joint announcement or such later date as may be permitted by the Takeovers Code and agreed by the Executive, and in compliance with the requirements of the Takeovers Code and other applicable regulations. As the making of the Offers is conditional on the Subscription Completion, an application has been made to seek for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the dispatch of the Composite Document to a date falling within seven days after the Subscription Completion or 15 May 2019, whichever is earlier (or such other date as the Executive may approve). The Executive has indicated that it is minded to grant such consent.

Further announcement(s) will be made when the Composite Document is dispatched. Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offers, before deciding whether or not to accept the Offers.

F. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 28 January 2019 pending the publication of this joint announcement. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 4 February 2019.

WARNING

Shareholders should take note that the Subscription Agreement and the transactions contemplated thereunder are subject to the fulfillment and/or waiver, as applicable, of the Subscription Conditions. As such, the Subscription Agreement and the transactions contemplated thereunder may or may not proceed.

The Offers will be made only if the Subscription Completion takes place. Accordingly, the Offers may or may not be made. The issue of this joint announcement does not in any way imply that the Offers will be made.

The Directors make no recommendation as to the fairness or reasonableness of the Offers or as to the acceptance of the Offers in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offers unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Offers and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offers.

Shareholders and potential investors of the Company are (i) reminded to monitor the announcements to be made by the Company or jointly by the Offeror and the Company in respect of the progress of the Offers; and (ii) advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

A. CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE

(1) The Subscription Agreement

The major terms and conditions of the Subscription Agreement are set out below:

Date: 25 January 2019 (after trading hours)

Parties: (a) The Company (as issuer); and
(b) The Subscriber

The Subscriber is a company incorporated in the British Virgin Islands with limited liability. As at the date of this joint announcement, the entire issued share capital of the Subscriber is wholly-owned by Ms. Zhou, who is the spouse of Mr. Yu, an executive Director and the chairman of the Board. The Subscriber is a connected person of the Company.

Subject matter

As disclosed in the Share Consolidation Announcement dated 22 January 2019, the Company proposed to have four issued and unissued Existing Shares of HK\$0.01 each to be consolidated into one Consolidated Share of HK\$0.04 each.

Pursuant to the Subscription Agreement, the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 754,716,981 Consolidated Shares (equivalent to 3,018,867,924 Existing Shares prior to the Share Consolidation) at the Subscription Price of HK\$0.212 per Subscription Consolidated Share (equivalent to HK\$0.053 per Existing Share prior to the Share Consolidation).

As at the date of this joint announcement, there are 2,874,196,656 Existing Shares in issue (or 718,549,164 Consolidated Shares following the Share Consolidation). The 754,716,981 Subscription Consolidated Shares (equivalent to 3,018,867,924 Existing Shares prior to the Share Consolidation) represent (i) approximately 105.0% of the issued share capital of the Company as at the date of this joint announcement; and

(ii) approximately 51.2% of the issued share capital of the Company as enlarged by the 754,716,981 Subscription Consolidated Shares, assuming that there is no other changes in the issued share capital of the Company between the date of the Subscription Agreement and the Subscription Completion Date (except the Subscription and the Share Consolidation).

Subscription Price

The Subscription Price of HK\$0.212 per Subscription Consolidated Share (equivalent to HK\$0.053 per Existing Share prior to the Share Consolidation):

- (i) represents a premium of approximately 8.16% over the theoretical closing price of HK\$0.196 per Consolidated Share, based on the closing price of HK\$0.049 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) represents a premium of approximately 7.29% over the theoretical five-days' average closing price of HK\$0.1976 per Consolidated Share, based on the average closing price of HK\$0.0494 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days prior to but excluding the Last Trading Day;
- (iii) represents a premium of approximately 6.85% over the theoretical ten-days' average closing price of HK\$0.1984 per Consolidated Share, based on the average closing price of HK\$0.0496 per Existing Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to but excluding the Last Trading Day; and
- (iv) represents a premium of approximately 72.36% over the theoretical net asset value of HK\$0.123 per Consolidated Share, based on the net asset value per Existing Share of approximately HK\$0.031 as at 30 June 2018 (please refer to the note below).

Note: The calculations of the net asset value of approximately HK\$0.031 per Existing Share are based on: (a) the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$71,693,000 as at 30 June 2018; and (b) a total of 2,330,071,656 issued Existing Shares as at 30 June 2018.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Existing Shares and the recent market conditions.

Ranking of the Subscription Consolidated Shares

The Subscription Consolidated Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all the Consolidated Shares

(following the Share Consolidation) in issue at the date of allotment and issue of the Subscription Consolidated Shares, including the right to any dividends or distributions made or declared on or after the date of allotment and issue of the Subscription Consolidated Shares.

Subscription Conditions

The Subscription Completion is conditional upon fulfillment of the Subscription Conditions set out as follow:

- (i) there being no material breach of the representations and warranties of the Company under the terms of the Subscription Agreement;
- (ii) no material adverse change in relation to the business, financial or trading position of the Group as a whole having occurred;
- (iii) the TC Independent Shareholders having approved the Relevant Transactions at the EGM;
- (iv) the LR Independent Shareholders having approved the Relevant Transactions at the EGM;
- (v) the Shareholders having approved the Share Consolidation at the EGM or a separate general meeting of the Shareholders to be held by the Company;
- (vi) the Share Consolidation having been completed;
- (vii) the Company having obtained the approval from the Stock Exchange for the listing of, and permission to deal in, the Subscription Consolidated Shares, and such approval not having been revoked or cancelled prior to the Subscription Completion;
- (viii) the consent of the Executive in relation to the Loan Repayment as a “special deal” under Rule 25 of the Takeovers Code having been obtained and any condition for the giving of such consent having been fulfilled, and such consent not having been revoked prior to the Subscription Completion;
- (ix) the compliance of any other requirements imposed by the Stock Exchange and/or the SFC in relation to the Subscription and the allotment and issue of the Subscription Consolidated Shares, whether under the Listing Rules, the Takeovers Code or otherwise; and

- (x) the approval from the SFC allowing the Subscriber and its shareholder(s) to become substantial shareholders of Green Securities Limited and Green Asset Management Limited in accordance with their respective licensing requirements under the SFO.

The Company shall use its best endeavors to procure the fulfillment of the above Subscription Conditions. The parties to the Subscription Agreement shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may reasonably be required by the Stock Exchange and/or the SFC in connection with the fulfillment of such Subscription Conditions. The Subscriber may at its discretion waive the Subscription Conditions (i) and (ii) above. The other Subscription Conditions cannot be waived by either party to the Subscription Agreement.

In the event that not all the Subscription Conditions have been fulfilled on or before the Long Stop Date of 30 April 2019, then unless the Long Stop Date is extended by mutual consent of the Company and the Subscriber, the Subscription Agreement shall terminate and lapse, and the Company and the Subscriber shall be released from all obligations thereunder and neither party shall have any claim against the other save for any antecedent breaches of the Subscription Agreement.

As at the date of this joint announcement, none of the Subscription Conditions have been fulfilled.

Subscription Completion

Subscription Completion shall take place within five business days after the date upon which the last of the Subscription Conditions is satisfied (or, where permissible, waived) or such other time and date as the Company and the Subscriber may mutually agree.

(2) Lock-up Undertaking

The Subscriber undertakes to and covenants with the Company that, unless in compliance with the requirements of the Listing Rules, the Subscriber shall not, in the period commencing on the date of the Subscription Completion and ending on the date which is 12 months from the date of the Subscription Completion, dispose of, or enter into any agreement to dispose of or otherwise create any encumbrances in respect of, any of the Subscription Consolidated Shares.

(3) Specific Mandate

The Subscription Consolidated Shares will be allotted and issued under the Specific Mandate to be obtained from the LR Independent Shareholders at the EGM.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Consolidated Shares.

(4) Reasons for the Subscription and use of proceeds

The Group is principally engaged in the provision of (i) health, medical and related services; (ii) beauty, wellness and related services; and (iii) integrated financial services comprising money-lending, securities brokerage, advising on securities and asset management.

As disclosed in the interim report of the Group for the six months ended 30 June 2018 (the “**2018 Interim Report**”), the Group recorded net current liabilities of approximately HK\$27.2 million as at 30 June 2018. As at 30 June 2018, the bank balances (general accounts) and cash of the Group amounted to approximately HK\$45.5 million, of which approximately HK\$12.0 million was subsequently remitted to the Group’s PRC subsidiaries in July 2018 to sustain their operations and development, approximately HK\$9.5 million was required as liquid capital to be maintained by the Group’s licensed financial services subsidiaries, approximately HK\$12.3 million was subsequently applied in July 2018 for the repayment of certain promissory note and convertible bonds and approximately HK\$11.7 million was subsequently applied in August 2018 for settlement of the Group’s general corporate expenses and professional fees.

To replenish the Group’s working capital following the utilization of cash and bank balance between July and August 2018 as stated above, the Company entered into a loan agreement with HK Yinger (a company which is wholly-owned by Mr. Yu) on 13 August 2018 pursuant to which HK Yinger granted a six-months loan for up to HK\$30,000,000 under the HK Yinger Loan Facility, details of which were disclosed in the Company’s announcement dated 13 August 2018. Between then and the date of this joint announcement, the HK Yinger Loan Facility was fully drawn down for use in further capital injection to the Group’s PRC subsidiaries and settlement of interest expenses, general corporate expenses and professional fees between August 2018 and now.

Apart from the HK Yinger Loan Facility which is due for repayable in or around February 2019, the Company also intends to set aside: (i) approximately HK\$15 million for the cash redemption of the Qianhai 2016 CB upon its maturity in April 2019, given that the market price of the Existing Shares are trading significantly lower than the conversion price of the Qianhai 2016 CB; and (ii) approximately HK\$64 million for repaying debts carrying interest of 5% per annum or above in order to save finance costs for the Group.

In view of the net current liabilities of the Group recorded as at 30 June 2018, the loss-making situation of the Group since 2013, the debts and liabilities becoming due imminently including the HK Yinger Loan Facility and the Qianhai 2016 CB and to save financial costs on interest-bearing debts of the Group, it is desirable for the Company to implement a sizeable equity fund raising to strengthen the Group's financial position in preparation for its future development. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the holder of Qianhai 2016 CB is not a Shareholder of the Company.

The Board has considered various fund raising methods including long term bank borrowing, placement of Shares to independent third parties, rights issue, open offer and the Subscription. In respect of long-term bank borrowings of meaningful loan size, the Company was given to understand that commercial banks generally requested for the provision of real estate properties as collateral to fortify the loan, which the Company was unable to give. In addition, the Group would have to bear significant interest expenses if it is to take out a meaningful loan size, which runs against the whole purpose of reducing financial costs of the Group to alleviate the Company's loss-making situation. As regards equity fund raising exercises (such as placement of the Shares to independent third parties, rights issue and/or open offer), the Company has approached several securities brokerage firms about the possibility and feasibility of acting as placing agent or underwriter of the Company, and was given to understand that the securities brokerage firms generally requested a placing/underwriting commission ranging from 2.5% to 5.0% based on the fund raising size, and a significant discount on the placing/subscription price so as to increase the attractiveness of the equity fund raising exercise. In addition, any placing would only be conducted on best-effort basis, rendering the outcome and the exact amount of proceeds to be raised from the placing being uncertain and subject to market condition.

Having considered the restrictions of the alternative fund raising methods as discussed above, only the Subscriber expressed its willingness to subscribe for the Subscription Consolidated Shares at a modest premium to the prevailing market price. The Subscription enables the Company to raise a meaningful size of proceeds which matches its capital needs and to issue the Shares above the prevailing market price and save the finance cost or commission which the Group would have otherwise needed to incur if other fund raising methods were to be adopted.

The gross proceeds and net proceeds (after deducting costs and expenses incidental to the Subscription and the Offers) to be raised from the Subscription are expected to be approximately HK\$160 million and HK\$156 million, respectively. The net subscription price per Subscription Consolidated Share is approximately HK\$0.207 (equivalent to approximately HK\$0.052 per Existing Share prior to the Share

Consolidation). The Board intends to apply the net proceeds as to: (a) approximately HK\$31 million for repaying the principal and interest incurred and to be incurred from the HK Yinger Loan Facility up to the maturity date of the HK Yinger Loan Facility (i.e. 12 February 2019) in an aggregate amount of HK\$30,975,000, which will be offset against the aggregated Subscription amount payable by the Subscriber to the Company in relation to the Subscription; (b) approximately HK\$15 million for the possible cash redemption of the Qianhai 2016 CB which will mature in April 2019; (c) approximately HK\$64 million being set aside for meeting repayment obligations of debts and liabilities of the Group; (d) approximately HK\$8 million for replenishing the capital requirements of the financial services companies of the Group; and (e) approximately HK\$38 million for the Group's general corporate expenses (such as salaries, rental expenses and professional fees) for the next twelve months.

The Directors consider that the Subscription represents a straightforward and cost-effective means of financing for the Group. The Directors (other than the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser, and except Mr. Yu and Mr. Chen who abstained from voting due to Mr. Yu's material interest in the Relevant Transactions and Mr. Chen's perceived conflict arising from his directorship in HK Yinger) are of the view that the terms of the Relevant Transactions (including the Subscription Price) are fair and reasonable and on normal commercial terms and the entering into of the Relevant Transactions is in the interests of the Company and its Shareholders (including the Independent Shareholders) as a whole.

Mr. Yu (an executive Director, the chairman of the Board and a director and a beneficial owner of HK Yinger) and Mr. Chen (an executive Director and a director of HK Yinger) abstained from voting on Board level regarding the Relevant Transactions. Save for Mr. Yu and Mr. Chen, no other Director regarded himself to have a material interest or perceived conflict in the Relevant Transactions which requires him to disclose his interest and/or to abstain from voting on Board level regarding the Relevant Transactions.

(5) Fund raising activities of the Company in the past 12 months

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

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds
27 November 2018	Subscription of 466,000,000 Existing Shares at HK\$0.053 per Existing Share under general mandate, which was completed on 5 December 2018	Approximately HK\$24.5 million	To repay debts and to meet the Group's liabilities when they fall due	Remained unutilised as at the date of this joint announcement
26 January 2018	Subscription of the 6% per annum Zheyin Tianqin CB in the principal amount of HK\$60 million under specific mandate, which was completed on 19 April 2018	Approximately HK\$59.1 million	For settlement of the Group's debts as they fall due and/or general working capital	Fully utilised as intended
26 January 2018	Subscription of the HK Yinger CB in the principal amount of HK\$120 million under specific mandate, which was completed on 23 March 2018	Approximately HK\$118.2 million	For the repayment and set-off of the principal of two loans granted by HK Yinger to the Company in June and October 2017, respectively, in the aggregate principal amount of HK\$120 million	Fully utilised as intended
26 January 2018	Subscription of the 6% per annum convertible bonds in the aggregate principal amount of HK\$27.2 million by Mr. Liu Dong, an executive Director, under general mandate, which was completed on 8 February 2018	Approximately HK\$26.8 million	For settlement of the 8% per annum convertible bonds issued by the Company in the aggregate principal amount of HK\$25,000,000 on 3 March 2018 (the "Zheyin Tianqin 2017 CB") if the Company is called upon to redeem those bonds without conversion, or to apply for settlement of the Group's other debts and/or general working capital if the Zheyin Tianqin 2017 CB are converted without redemption	Fully utilised for settlement of the Group's other debts and/or general working capital as intended, as the Zheyin Tianqin 2017 CB were converted without cash redemption

(6) Changes in the shareholding structure of the Company

The following table illustrates the shareholding structure of the Company (i) as at the date of this joint announcement; and (ii) immediately after the Subscription Completion assuming that the Share Consolidation is completed and that there is no other change in the issued share capital of the Company between the date of this joint announcement and the Subscription Completion Date (save and except the Subscription and the Share Consolidation):

	As at the date of this joint announcement		Immediately after the Subscription Completion (assuming the Share Consolidation is completed)	
	No. of Existing Shares	%	No. of Consolidated Shares (Note 6)	%
The Subscriber (Note 1)	—	—	754,716,981	51.23
Gold Bless (Note 2)	<u>987,697,627</u>	<u>34.36</u>	<u>246,924,406</u>	<u>16.76</u>
<i>Sub-total of the Subscriber and parties acting in concert with it (other than Mr. Liu)</i>	<i>987,697,627</i>	<i>34.36</i>	<i>1,001,641,387</i>	<i>67.99</i>
Mr. Liu (Note 3)	<u>251,460,000</u>	<u>8.75</u>	<u>62,865,000</u>	<u>4.27</u>
<i>Sub-total of the Subscriber and parties acting in concert with it and connected persons</i>	<i>1,239,157,627</i>	<i>43.11</i>	<i>1,064,506,387</i>	<i>72.26</i>
Public shareholders	<u>1,635,039,029</u>	<u>56.89</u>	<u>408,759,758</u>	<u>27.75</u>
Total	<u>2,874,196,656</u>	<u>100.00</u>	<u>1,473,266,145</u>	<u>100.00</u>

Notes:

1. The Subscriber is wholly owned by Ms. Zhou.
2. 987,697,627 Existing Shares beneficially owned by Gold Bless, a company whose issued shares were registered, according to the disclosure of interest filings made on behalf of Mr. Yang Wang Jian (“Mr. Yang”), the sole director of Gold Bless and an ex-director of the Company, as to: (a) 65% (the “Disputed Gold Bless Shareholding”) in the name of Mr. Yang; (b) 20% in the name of Mr. Yu; and (c) 15% in the name of Winning Top Investments Limited (“Winning Top”), a company which is wholly-owned by Mr. Yu.

Gold Bless is deemed to be a controlled corporation of Mr. Yu pursuant to Part XV of the SFO because of the 20% and 15% registered shareholding of Mr. Yu and Winning Top in Gold Bless, and is presumed to be acting in concert with the Offeror. In addition, based on the information provided by Mr. Yu, (i) he has an alleged claim over the Disputed Gold Bless Shareholding; (ii) he has commenced legal action in Hong Kong (the “Gold Bless Litigation”) against Mr. Yang which may, subject to the outcome of the litigation, affect the ownership of the Disputed Gold Bless Shareholding; (iii) pursuant to the order of the High Court of Hong Kong, the 987,697,627 Existing Shares held by Gold Bless are maintained with a licensed financial institution until further order or the conclusion of the Gold Bless Litigation; and (iv) pursuant to the order of the High Court of Hong Kong, Mr. Yang and Gold Bless cannot deal with the Disputed Gold Bless Shareholding and with the 987,697,627 Existing Shares held by Gold Bless until further order or the conclusion of the Gold Bless Litigation.

3. *Mr. Liu is an executive Director. These 251,460,000 Existing Shares deemed to be interested by Mr. Liu comprised (a) 91,460,000 Existing Shares held by Mr. Liu personally; and (b) 160,000,000 Existing Shares held by Smoothly Good, a controlled corporation wholly-owned by Mr. Liu. Under class (6) of the definition of “acting in concert” of the Takeovers Code, directors of a company (together with their close relatives, related trusts and companies controlled by such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent are presumed to be acting in concert with others in the same class unless the contrary is established. As such, Mr. Liu is presumed to be acting in concert with the Subscriber under class (6) presumption under the definition of “acting in concert” under the Takeovers Code until the close of the Offers.*

(7) Implication under the Listing Rules and Takeovers Code

As at the date of this joint announcement, the entire issued share capital of the Subscriber is wholly-owned by Ms. Zhou, who is the spouse of Mr. Yu, an executive Director and the chairman of the Board. The Subscriber is therefore considered as a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Upon the Subscription Completion, the shareholding of the Subscriber will increase from nil to approximately 51.2% of the issued share capital and total voting rights of the Company as enlarged by the Subscription Consolidated Shares, while the shareholding of the Subscriber and parties acting in concert with it (excluding Mr. Liu) will increase from approximately 34.4% to approximately 68.0% of the issued share capital and total voting rights of the Company as enlarged by the Subscription Consolidated Shares, assuming that there is no other change in the Company’s issued share capital between the date of the Subscription Agreement and the Subscription Completion Date save and except for the Subscription and the Share Consolidation. Pursuant to Rule 26.1 of the Takeovers Code, immediately after the Subscription Completion, the Subscriber will be required to make a mandatory general offer for all the issued securities of the Company (other than those agreed to be acquired by the Subscriber).

B. SPECIAL DEAL IN RELATION TO LOAN REPAYMENT

On 13 August 2018, HK Yinger (a company which is wholly-owned by Mr. Yu) entered into a loan agreement with the Company, pursuant to which HK Yinger granted a six-months, 6.5% per annum loan in the principal amount of up to HK\$30,000,000 under the HK Yinger Loan Facility. As disclosed in the Company's announcement dated 13 August 2018, the Board (including all independent non-executive Directors who attended the Board meeting but excluding Mr. Yu and Mr. Chen who abstained from voting at the Board meeting due to their directorship in HK Yinger and deemed interest in the transaction) was of the view that the provision of the HK Yinger Loan Facility was conducted on normal commercial terms or better to the Company. Under Rule 14A.90 of the Listing Rules, the HK Yinger Loan Facility was fully exempt from all disclosure, annual review, circular and shareholders' approval requirements of the Listing Rules.

As at the date of this joint announcement, the maximum loan amount of HK\$30,000,000 under the HK Yinger Loan Facility was fully drawn down. The outstanding principal and interest under the HK Yinger Loan Facility shall be repayable by the Company in or around February 2019.

As disclosed earlier in this joint announcement, the Company intends to apply approximately HK\$31 million from the net proceeds of the Subscription to repay the HK Yinger Loan Facility to HK Yinger. HK Yinger is a company wholly-owned by Mr. Yu, who is deemed to be interested in 987,697,627 Existing Shares (representing 34.36% of the existing issued share capital of the Company) due to his 35% direct and indirect shareholding in Gold Bless. As the Loan Repayment is not extended to all the other Shareholders, the Loan Repayment shall constitute a "special deal" under Rule 25 of the Takeovers Code and will be conditional upon obtaining the consent of the Executive under Note 5 to Rule 25 of the Takeovers Code. The Executive will normally consent to the Special Deal provided that: (i) the Independent Financial Adviser publicly states in its opinion that the Special Deal is arm's length transaction on normal commercial terms and that its terms are fair and reasonable; and (ii) the Special Deal is approved at the EGM by way of poll by the TC Independent Shareholders. An application will be made to the Executive for its consent to the Special Deal pursuant to Note 5 to Rule 25 of the Takeovers Code.

C. POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS

Upon the Subscription Completion, the shareholding of the Offeror will increase from nil to approximately 51.2% of the issued share capital and total voting rights of the Company as enlarged by the Subscription Consolidated Shares, while the shareholding of the Offeror and parties acting in concert with it (excluding Mr. Liu) will increase from approximately 34.4% to approximately 68.0% of the issued

share capital and total voting rights of the Company as enlarged by the Subscription Consolidated Shares, assuming that there is no other change in the Company's issued share capital between the date of the Subscription Agreement and the Subscription Completion Date save and except for the Subscription and the Share Consolidation. Pursuant to Rule 26.1 of the Takeovers Code, immediately after the Subscription Completion, the Offeror will be required to make a mandatory general offer for all the issued Shares and all the outstanding convertible bonds of the Company (other than those agreed to be acquired by the Offeror) and to cancel all the outstanding Share Options.

As at the date of this joint announcement, the Company has 2,874,196,656 Existing Shares in issue. On completion of the Share Consolidation but before the Subscription Completion, the total issued share capital of the Company will become 718,549,164 Consolidated Shares.

As at the date of this joint announcement, there are 14,000,000 outstanding Share Options conferring the rights to the Optionholders to subscribe for an aggregate of 14,000,000 Existing Shares (or 3,500,000 Consolidated Shares following the Share Consolidation) at an exercise price of HK\$0.32 per Existing Share (equivalent to HK\$1.28 per Consolidated Share) on or before 10 May 2022.

As at the date of this joint announcement, the Company has outstanding Convertible Bonds with an aggregate principal amount of HK\$219,343,750 convertible into 1,255,073,528 Existing Shares (or 313,768,382 Consolidated Shares following the Share Consolidation), particulars of which are as follows:

- (i) the Qianhai 2016 CB in the principal amount of HK\$12,000,000, which is convertible into 40,000,000 Existing Shares (or 10,000,000 Consolidated Shares following the Share Consolidation) at the conversion price of HK\$0.30 per Existing Share (equivalent to HK\$1.20 per Consolidated Share);
- (ii) the 2nd Ample Reach CB in the principal amount of HK\$13,671,875, which is convertible into 78,125,000 Existing Shares (or 19,531,250 Consolidated Shares following the Share Consolidation) at the conversion price of HK\$0.175 per Existing Share (equivalent to HK\$0.70 per Consolidated Share);
- (iii) the 3rd Ample Reach CB in the principal amount of HK\$13,671,875, which is convertible into 78,125,000 Existing Shares (or 19,531,250 Consolidated Shares following the Share Consolidation) at the conversion price of HK\$0.175 per Existing Share (equivalent to HK\$0.70 per Consolidated Share);

- (iv) the HK Yinger CB in the principal amount of HK\$120,000,000, which is convertible into 705,882,352 Existing Shares (or 176,470,588 Consolidated Shares following the Share Consolidation) at the conversion price of HK\$0.170 per Existing Share (equivalent to HK\$0.68 per Consolidated Share); and
- (v) the Zheyin Tianqin CB in the principal amount of HK\$60,000,000, which is convertible into 352,941,176 Existing Shares (or 88,235,294 Consolidated Shares following the Share Consolidation) at the conversion price of HK\$0.170 per Existing Share (equivalent to HK\$0.68 per Consolidated Share).

Save as disclosed above, the Company does not have any other outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Existing Shares, as at the date of this joint announcement.

(1) Terms of the Offers

Upon the Subscription Completion, the Offers will be unconditional in all respects. Astrum, on behalf of the Offeror, will make the Offers on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Consolidated Share HK\$0.212 in cash

The Share Offer will be extended to all Offer Shareholders in accordance with the Takeovers Code.

The Share Offer Price of HK\$0.212 per Offer Consolidated Share is equal to the Subscription Price per Subscription Consolidated Share under the Subscription Agreement, which was arrived at after arm's length negotiations between the Company and the Offeror/the Subscriber with reference to the prevailing market price of the Existing Shares and the recent market conditions.

The Offer Consolidated Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made, that is, the date of dispatch of the Composite Document.

Comparisons of value

The Share Offer Price of HK\$0.212 per Offer Consolidated Share:

- (i) represents a premium of approximately 8.16% over the theoretical closing price of HK\$0.196 per Consolidated Share, based on the closing price of HK\$0.049 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) represents a premium of approximately 7.29% over the theoretical five-days' average closing price of HK\$0.1976 per Consolidated Share, based on the average closing price of HK\$0.0494 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days prior to but excluding the Last Trading Day;
- (iii) represents a premium of approximately 6.85% over the theoretical ten-days' average closing price of HK\$0.1984 per Consolidated Share, based on the average closing price of HK\$0.0496 per Existing Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to but excluding the Last Trading Day; and
- (iv) represents a premium of approximately 72.36% over the theoretical net asset value of HK\$0.123 per Consolidated Share, based on the net asset value per Existing Share of approximately HK\$0.031 as at 30 June 2018 (please refer to the note below).

Note: The calculations of the net asset value of approximately HK\$0.031 per Existing Share are based on: (a) the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$71,693,000 as at 30 June 2018; and (b) a total of 2,330,071,656 issued Existing Shares as at 30 June 2018.

Highest and lowest Share prices

During the six-month period preceding and including the Last Trading Day, the highest closing price of the Existing Shares was HK\$0.176 per Existing Share as quoted on the Stock Exchange on 13 August 2018 (equivalent to HK\$0.704 per Consolidated Share assuming completion of the Share Consolidation) and the lowest closing price of the Existing Shares was HK\$0.044 per Existing Share as quoted on the Stock Exchange on 6 December 2018 (equivalent to HK\$0.176 per Consolidated Share assuming completion of the Share Consolidation).

The Option Offer

For cancellation of each Adjusted Share Option HK\$0.001 in cash

None of the Optionholders is acting in concert with the Offeror, nor have any of them undertaken not to accept the Offers. The Option Offer will be extended to all Optionholders in accordance with the Takeovers Code.

As the exercise price of HK\$1.28 per Consolidated Share (adjusted from the exercise price of HK\$0.32 per Existing Share prior to the Share Consolidation) for the Adjusted Share Options is above the Share Offer Price, the Adjusted Share Options are out-of-money and the offer price for each Adjusted Share Option is a nominal value of HK\$0.001.

Following acceptance of the Option Offer, the relevant Adjusted Share Options together with all rights attaching thereto will be entirely cancelled and renounced.

The CB Offer

- (i) For every HK\$1 face value of the Adjusted Qianhai 2016 CBHK\$0.1767 in cash**
- (ii) For every HK\$1 face value of the Adjusted 2nd Ample Reach CBHK\$0.3029 in cash**
- (iii) For every HK\$1 face value of the Adjusted 3rd Ample Reach CBHK\$0.3029 in cash**
- (iv) For every HK\$1 face value of the Adjusted HK Yinger CBHK\$0.3118 in cash**
- (v) For every HK\$1 face value of the Adjusted Zheyin Tianqin CBHK\$0.3118 in cash**

The CB Offer will be extended to all Offer CB Holders in accordance with the Takeovers Code.

The Adjusted Convertible Bonds will be acquired fully-paid and free from all Encumbrances of any nature and together with all rights now or hereafter attaching or accruing to them, including the right to all dividends and other distributions (if any) declared, made or paid after the date on which the CB Offer is made, that is, the date of dispatch of the Composite Document.

The CB Offer will apply to the outstanding Adjusted Convertible Bonds in issue on the date on which the CB Offer is made and will not apply to any Adjusted Convertible Bonds which are or have been converted into Shares prior to the close of the CB Offer.

The above offer prices for the relevant Adjusted Convertible Bonds are determined in accordance with Rule 13 of the Takeovers Code as the “see-through” consideration for each relevant Adjusted Convertible Bonds, being the number of Consolidated Shares into which the relevant Adjusted Convertible Bonds are convertible multiplied by the Share Offer Price.

Under the terms of the Charm Eastern Acquisition and the deed of undertaking dated 10 September 2018 entered into by Ample Reach and its guarantors in favour of the Company (as disclosed in the Company’s announcement dated 10 September 2018), the 2nd Ample Reach CB, the 3rd Ample Reach CB and the 78,125,000 Existing Shares upon conversion of the 1st Ample Reach CB are currently put in escrow with the Company pending the determination of the extent of satisfaction of the second and third profit guarantee of Charm Eastern Acquisition. Ample Reach has given the Ample Reach Irrevocable Undertaking as detailed in the paragraph headed “(2) Irrevocable Undertakings” below.

(2) Irrevocable Undertakings

As at the date of this joint announcement, Mr. Liu (an executive Director and party presumed to be acting in concert with the Offeror under class (6) presumption under the definition of “acting in concert” under the Takeovers Code until the close of the Offers), through himself and Smoothly Good (a company wholly-owned by Mr. Liu), collectively holds 251,460,000 Existing Shares, representing approximately 8.75% of the total issued share capital of the Company. Mr. Liu and Smoothly Good have given the Mr. Liu Irrevocable Undertaking, pursuant to which they have irrevocably undertaken to the Offeror that they will not accept the Share Offer to be made by the Offeror, and that, from the date of the Mr. Liu Irrevocable Undertaking until the close of the Offers, they will not, whether directly or indirectly, sell, transfer, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in respect of any of the Existing Shares held by them or any interest in any of the Shares held by them, or otherwise make any of such Existing Shares available for acceptance.

As at the date of this joint announcement, Ample Reach holds 78,125,000 Existing Shares, representing approximately 2.72% of the total issued share capital of the Company, and is the holder of the 2nd Ample Reach CB and the 3rd Ample Reach CB. Ample Reach and its owner and controller, Mr. Huang, have given the Ample Reach Irrevocable Undertaking, pursuant to which they have irrevocably undertaken to the Offeror that they will not accept the Offers to be made by the Offeror, and that, from the date of the Ample Reach Irrevocable Undertaking until the close of the Offers, they will not, whether directly or indirectly, sell, transfer, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in respect of any of the Existing Shares held by Ample Reach, the 2nd Ample Reach CB and the 3rd

Ample Reach CB, or in fact any Shares or interest in Shares held by them (if any), nor will they convert the 2nd Ample Reach CB and the 3rd Ample Reach CB into Shares or otherwise make any of such Existing Shares, the 2nd Ample Reach CB and the 3rd Ample Reach CB available for acceptance.

As at the date of this joint announcement, Fluent Robust (a wholly-owned subsidiary of HK Yinger, which in turn is a controlled corporation of Mr. Yu who is presumed to be acting in concert with the Offeror) is the holder of the HK Yinger CB. Mr. Yu, HK Yinger and Fluent Robust have given the HK Yinger Irrevocable Undertaking, pursuant to which they have irrevocably undertaken to the Offeror that they will not accept the CB Offer to be made by the Offeror, and that, from the date of the HK Yinger Irrevocable Undertaking until the close of the Offers, they will not, whether directly or indirectly, sell, transfer, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in respect of the HK Yinger CB, or in fact any Shares or interest in Shares held by them (if any), nor will they convert the HK Yinger CB into Shares or otherwise make the HK Yinger CB available for acceptance.

(3) Value of the Offers

The Share Offer

As at the date of this joint announcement, the number of Consolidated Shares subject to the Share Offer is 718,549,164 (representing the Consolidated Shares not already owned or agreed to be acquired by the Offeror and including the Existing Shares subject to the Irrevocable Undertakings). Based on the Share Offer Price of HK\$0.212 per Offer Consolidated Share for 718,549,164 Offer Consolidated Shares, the Share Offer is valued at HK\$152,332,422.77, assuming that there will be no change in the share capital of the Company before the Offer Closing Date, save for the Subscription and the Share Consolidation.

Assuming all outstanding Share Options will be exercised and new Existing/Consolidated Shares will be allotted and issued as a result of such exercise before the Offers Closing Date, the number of Consolidated Shares subject to the Share Offer will be 722,049,164 in aggregate. Based on the Share Offer Price of HK\$0.212 per Offer Consolidated Share for 722,049,164 Offer Consolidated Shares, the Share Offer is valued at HK\$153,074,422.77, assuming that there will be no change in the share capital of the Company before the Offers Closing Date, save for the Subscription, the Share Consolidation and the exercise of the Share Options as aforesaid.

Assuming all outstanding Share Options and the Convertible Bonds will be exercised and converted, and Existing/Consolidated Shares will be allotted and issued as a

result of such exercise and conversion before the Offers Closing Date, the number of Consolidated Shares subject to the Share Offer will be 1,035,817,546 in aggregate. Based on the Share Offer Price of HK\$0.212 per Offer Consolidated Share for 1,035,817,546 Offer Consolidated Shares, the Share Offer is valued at HK\$219,593,319.75, assuming that there will be no change in the share capital of the Company before the Offers Closing Date, save for the Subscription, the Share Consolidation, the exercise of the Share Options and conversion of the Convertible Bonds as aforesaid.

The Option Offer

As at the date of this joint announcement, there are 14,000,000 outstanding Share Options conferring the rights to the Optionholders to subscribe for an aggregate of 14,000,000 Existing Shares (or 3,500,000 Consolidated Shares following the Share Consolidation).

Assuming that none of the outstanding Share Options will be exercised before the Offers Closing Date, the total consideration required to satisfy the cancellation of all the outstanding Adjusted Share Options will be HK\$3,500.

Assuming all outstanding Share Options will be exercised before the Offers Closing Date, the value of the Option Offer will be nil.

The CB Offer

As at the date of this joint announcement, the Company has outstanding Convertible Bonds with an aggregate principal amount of HK\$219,343,750 convertible into 1,255,073,528 Existing Shares (or 313,768,382 Consolidated Shares following the Share Consolidation).

For all the outstanding Adjusted Convertible Bonds in issue, the CB Offer is valued at HK\$66,526,821.88.

Assuming all the outstanding Adjusted Convertible Bonds in issue will be converted before the Offers Closing Date, the value of the CB Offer will be nil.

Aggregate value of the Offers

Based on the above, the Offers are in aggregate valued at a maximum of HK\$219,601,244.65.

(4) Confirmation of financial resources

The Offeror intends to fund the consideration payable under the Subscription and the Offers from its own financial resources. Astrum, being the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient resources are available to the Offeror to satisfy the amount of funds required for the Subscription Completion and the full acceptance of the Offers (excluding the Shares and Convertible Bonds held by the Non-accepting Securities Holders who have irrevocably undertaken not to accept the Offers).

(5) Dealing and interest in the Company's securities

Save for the proposed Subscription of the Subscription Consolidated Shares, the Offeror and parties acting in concert with it had not dealt for value in any Existing Shares, options, derivatives, warrants or other securities convertible into the Existing Shares and/or Consolidated Shares during the six-month period immediately prior to the date of this joint announcement, being the date of commencement of the offer period.

The Offeror confirms that as at the date of this joint announcement:

- (i) save for the 251,460,000 Existing Shares held by Mr. Liu and Smoothly Good, the 705,882,352 underlying Existing Shares attributed to the HK Yinger CB and the 987,697,627 Existing Shares owned by Gold Bless, the Offeror and parties acting in concert with it do not own, hold, control or have direction over any voting rights or rights over the Existing Shares or convertible securities, options, warrants or derivatives of the Company;
- (ii) save for the Irrevocable Undertakings, the Offeror and parties acting in concert with it have not received any irrevocable commitment to accept or reject the Offers;
- (iii) save for 705,882,352 underlying Existing Shares attributed to the HK Yinger CB, there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror or any person acting in concert with it;
- (iv) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person(s) in relation to the Shares and which might be material to the Offers or the Special Deal;
- (v) there is no agreement or arrangement to which the Offeror or any person acting in concert with it, is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offers or the Special Deal; and

(vi) there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or parties acting in concert with it has borrowed or lent.

Save for the consideration payable under the Subscription Agreement, there is no other consideration, compensation or benefits in whatever form provided by the Offeror and parties acting in concert with it to the Company or the Shareholders.

Save for the Special Deal in respect of the Loan Repayment, there is no other special deal (under Rule 25 of the Takeovers Code) between the Offeror and parties acting in concert with it on one hand and the Company and its subsidiaries and/or the Shareholders on the other hand.

(6) Effect of accepting the Offers

The Share Offer

The Share Offer will be made on the basis that valid acceptance of the Share Offer by any Offer Shareholder will be deemed to constitute a warranty by such person that the Offer Consolidation Shares sold by such person under the Share Offer are free from all Encumbrances and together with all rights attaching thereto, including, without limitation, the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid on or after the date on which the Offers are made, being the date of the Composite Document.

The Option Offer

The Option Offer will be made on the basis that valid acceptance of the Option Offer by any Optionholder will be deemed to constitute a warranty by such person that the Adjusted Share Options sold by such person under the Option Offer are free from all Encumbrances whatsoever and the Adjusted Share Options will be cancelled and renounced together with all rights attaching thereto as at the date on which the Offers are made, being the date of the Composite Document.

The CB Offer

The CB Offer will be made on the basis that valid acceptance of the CB Offer by any Offer CB Holder will be deemed to constitute a warranty by such person that the Adjusted Convertible Bonds sold by such person under the CB Offer are free from all Encumbrances whatsoever together with all rights attaching thereto as at the date on which the Offers are made, being the date of the Composite Document.

(7) Payment

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event, within seven business days (as defined under the Takeovers

Code) of the date on which the duly completed acceptances of the Offers and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid.

No fractions of a cent will be payable and the amount of cash consideration payable to an Offer Shareholder, an Optionholder or an Offer CB Holder who accepts the Offers (as the case may be) will be rounded up to the nearest cent.

(8) Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by the relevant Offer Shareholders at a rate of 0.1% of (i) the market value of the Offer Consolidated Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher. The amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Offer Shareholders accepting the Share Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Offer Shareholders accepting the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and transfer of the Offer Consolidated Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptance of the Option Offer. Any stamp duty in connection with the acceptance of the CB Offer shall be borne by the accepting Offer CB Holder.

(9) Taxation advice

The Offer Shareholders, the Optionholders and the Offer CB Holders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, parties acting in concert with the Offeror, the Company, Astrum, Red Sun and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

(10) Overseas Shareholders, Overseas Optionholders and Overseas CB Holders

The availability of the Offers to any Overseas Shareholders, Overseas Optionholders and Overseas CB Holders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. The Overseas Shareholders, the Overseas Optionholders and the Overseas CB Holders should observe any applicable legal or regulatory requirements and, where necessary, consult their own professional

advisers. It is the responsibilities of the Overseas Shareholders, the Overseas Optionholders and the Overseas CB Holders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant overseas jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders, Overseas Optionholders and Overseas CB Holders in respect of such overseas jurisdictions).

Acceptance of the Offers by any Overseas Shareholder, Overseas Optionholder or Overseas CB Holder will be deemed to constitute a representation and warranty from such person to the Offeror that all applicable local laws and requirements have been complied with and that the Offers can be accepted by such Overseas Shareholder, Overseas Optionholder or Overseas CB Holder lawfully under the laws of the relevant jurisdictions. The Overseas Shareholders, the Overseas Optionholders and the Overseas CB Holders should consult their professional advisers if in doubt.

If the receipt of the Composite Document by the Overseas Shareholders, the Overseas Optionholders and the Overseas CB Holders is prohibited by any applicable laws and regulations or may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, the Composite Document, subject to the Executive's consent, will not be dispatched to such Overseas Shareholders, Overseas Optionholders and Overseas CB Holders. In those circumstances, the Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

(11) Information of the Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability. The Offeror was newly incorporated on 9 January 2019 and has not engaged in any business activities save and except the entering into of the Subscription Agreement. As at the date of this joint announcement, the entire issued share capital of the Offeror is wholly-owned by Ms. Zhou, who is the spouse of Mr. Yu.

Ms. Zhou, aged 56, is the sole director of the Offeror. She is an entrepreneur and has over 20 years of business management and operation experience in fashion industry in the PRC. She is one of the founders of 影兒時尚集團 (Yinger Fashion Group*), which is principally engaged in the design, production, marketing and sale of high-end female fashion products under its own well-known brands with over 1,000 retail stores in the PRC.

Mr. Yu, aged 54, was appointed as an executive Director on 5 September 2013, the Chairman of the Board on 6 June 2017, the chairman of the nomination committee of the Company on 7 June 2017 and a member of the remuneration committee of the Company on 14 June 2017. He was a member of the Standing Committee of the Shenzhen Committee of Chinese Peoples' Political Consultative Conference during the fourth and fifth sessions from 2005 to 2015. He is the founder of Shenzhen Yinger Fashion Group Co., Ltd. and has over 25 years of operation and management experience in garment and fashion industries. He is an uncle of Ms. Yu Jiaoli, a former non-executive Director who resigned on 13 July 2018. Based on the disclosure of interests filing available to the Company, Mr. Yu regarded himself to be deemed, pursuant to Part XV of the SFO, to be interested in (a) 987,697,627 Existing Shares (representing 34.36% of the total issued share capital of the Company) held by Gold Bless, a company which is regarded as a controlled corporation of Mr. Yu; and (b) 705,882,352 underlying Existing Shares attributed to the HK Yinger CB held by Fluent Robust (a wholly-owned subsidiary of HK Yinger) which is regarded as a controlled corporation of Mr. Yu. Mr. Yu is also a director of HK Yinger.

(12) Future intentions of the Offeror regarding the Group

Upon the Subscription Completion, the Offeror will become a controlling Shareholder. The Offeror intends to continue the existing businesses of the Group. The Offeror has no intention to discontinue the employment of any employees of the Group, change the composition of the Board and dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business.

(13) Public float and maintaining the listing status of the Company

The Offeror intends to maintain the listing of the Consolidated Shares on the Stock Exchange after the close of the Offers.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Consolidated Shares, are held by the public, or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Consolidated Shares; or (ii) there are insufficient Consolidated Shares in public hands to maintain an orderly market, then the Stock Exchange may exercise its discretion to suspend dealings in the Consolidated Shares.

In order to ensure that within a reasonable period after the close of the Offers, there will be not less than 25% of the Company's total number of issued Consolidated

Shares held by the public, the Offeror and the Company will jointly and severally undertake to the Stock Exchange to take appropriate steps within a reasonable period following the close of the Offers to ensure that at least 25% of the total number of issued Consolidated Shares will be held by the public.

D. ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND THE APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to the Takeovers Code and the Listing Rules, the Independent Board Committee, comprising Mr. Wu Hong, Mr. David Tsoi and Mr. Wang Chunlin (being all of the non-executive Directors), was established by the Company to advise the Independent Shareholders on (i) the Relevant Transactions and as to voting; and (ii) the Offers and in particular as to whether the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers.

All the non-executive Directors comprising the Independent Board Committee have no direct or indirect interest or involvement in the Relevant Transactions and the Offers, and are considered appropriate for joining as members of the Independent Board Committee to advise the Independent Shareholders as to voting on the Relevant Transactions and acceptance of the Offers.

With the approval by the Independent Board Committee, Red Sun has been appointed by the Company to act as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to (i) the Relevant Transactions and as to voting; and (ii) the Offers and in particular as to whether the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers.

E. GENERAL

(1) Dispatch of circular

A circular containing, among other things, details of (i) the Relevant Transactions; (ii) the letter of advice from the Independent Board Committee to the Independent Shareholders on the Relevant Transactions; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Relevant Transactions; and (iv) a notice convening the EGM will be dispatched to the Shareholders on or before 1 March 2019.

(2) EGM

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Relevant Transactions. In compliance with the Listing Rules, all resolutions will be voted on by way of poll at the EGM.

Only the TC Independent Shareholders will be eligible to vote on the relevant resolutions relating to the Subscription and the Special Deal. The Subscriber and parties acting and presumed to be acting in concert with it (including Mr. Yu, Ms. Zhou, Gold Bless, HK Yinger, Fluent Robust, Mr. Liu and Smoothly Good) and any Shareholders who are involved in or interested in the Subscription or the Special Deal (otherwise than solely as Shareholders) are required to abstain from voting on the relevant resolutions at the EGM.

As at the date of this joint announcement, (a) Mr. Yu and his immediate family (including Ms. Zhou) does not own any Shares; (b) the Offeror does not own any Shares; (c) Fluent Robust (a company wholly-owned by HK Yinger) owns the HK Yinger CB in the principal amount of HK\$120,000,000 carrying conversion right to convert into 705,882,352 Existing Shares at the conversion price of HK\$0.17 per Existing Share, but has given the HK Yinger Irrevocable Undertaking to the Company not to convert any portion of the HK Yinger CB into Shares or transfer wholly or partly of the HK Yinger CB to others prior to the EGM and the close of the Offers; (d) Gold Bless, a party presumed to be acting in concert with the Offeror, owns 987,697,627 Existing Shares (the “**Gold Bless Abstaining Shares**”); (e) Mr. Liu and Smoothly Good, being parties presumed to be acting in concert with the Offeror under class (6) presumption and the definition acting in concert and the Takeovers Code until the close of the Offers, collectively own 251,460,000 Existing Shares; and (f) save for Gold Bless, Mr. Liu and Smoothly Good, the Subscriber and parties acting and presumed to be acting in concert with it do not hold any Existing Shares.

In accordance with the Listing Rules, Gold Bless will be required to abstain from voting on the resolution in respect of the Subscription at the EGM. Pursuant to the order granted by the High Court of Hong Kong, Gold Bless has undertaken to Mr. Yu that it cannot exercise the voting rights in respect of the Gold Bless Abstaining Shares without first consulting Mr. Yu and obtaining Mr. Yu’s written consent, pending the Court’s final judgment on the Gold Bless Litigation. After consulting his legal advisers, Mr. Yu confirmed to the Company that it is unlikely that the Gold Bless Litigation will reach its final judgment before the date of the EGM. Mr. Yu has confirmed to the Company that if Gold Bless ever come to seek his instruction on the voting direction at the EGM, he will indicate his voting direction to abstain from voting at the resolution in respect of the Subscription in compliance with the Listing Rules. Therefore, Mr. Yu considers that he has the power to ensure that the voting right of the Gold Bless Abstaining Shares will not be cast at the EGM in contravention of the Listing Rules requirement for Gold Bless to abstain from voting in respect of the Subscription at the EGM.

Only the LR Independent Shareholders will be eligible to vote on the relevant resolutions relating to the Subscription and the Specific Mandate. The Subscriber, its associates (including Gold Bless) and any Shareholders who have a material interest (within the meaning of the Listing Rules) in the Subscription and the Specific Mandate will abstain from voting on the relevant resolutions at the EGM.

Mr. Liu is a fellow Director of Mr. Yu in the offeree company during the offer period and regards himself to be involved in the obtaining of the HK Yinger Loan Facility and the proposed Loan Repayment. Accordingly, Mr. Liu intends to provide an undertaking to the Company to abstain from voting on all the resolutions at the EGM regarding the Relevant Transactions. As at the date of this joint announcement, Mr. Liu, through himself and Smoothly Good (a company wholly-owned by Mr. Liu), collectively holds 251,460,000 Existing Shares, representing approximately 8.75% of the total issued share capital of the Company. In addition, under class (6) of the definition of “acting in concert” of the Takeovers Code, directors of a company (together with their close relatives, related trusts and companies controlled by such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent are presumed to be acting in concert with others in the same class unless the contrary is established. As such, Mr. Liu is presumed to be acting in concert with the Subscriber under class (6) presumption under the definition of “acting in concert” under the Takeovers Code until the close of the Offers.

Mr. Liu, Smoothly Good and Ample Reach have provided irrevocable undertakings to the Company to abstain from voting at the EGM in respect of the Subscription, the Specific Mandate and the Special Deal.

Save as disclosed above, there are no other Shareholders who have a material interest in the Relevant Transactions or are required, or indicated to the Company of his/her/its intention, to abstain from voting in the relevant resolutions at the EGM.

(3) Dispatch of the Composite Document

It is the intention of the Offeror and the Board that the offer document from the Offeror and the offeree board circular from the Company be combined in a composite offer and response document. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document setting out, among other things, (i) details of the Offers (including the expected timetable and terms of the Offers); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offers; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Offers, together with the Forms of Acceptance, is required to be dispatched to the Shareholders within 21 days of the date of this joint announcement or such later date as may be permitted by the Takeovers Code and agreed by the Executive, and in compliance with the requirements of the Takeovers Code and other applicable regulations. As the making of the Offers is conditional on the Subscription Completion, an application has been

made to seek for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the dispatch of the Composite Document to a date falling within seven days after the Subscription Completion or 15 May 2019, whichever is earlier (or such other date as the Executive may approve). The Executive has indicated that it is minded to grant such consent.

Further announcement(s) will be made when the Composite Document is dispatched. Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offers, before deciding whether or not to accept the Offers.

(4) Disclosure of dealings

In accordance with Rule 3.8 of the Takeovers Code, "associates" (as defined under the Takeovers Code, including but not limited to a person who owns or controls 5% or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) of the Company and the Offeror are hereby reminded to disclose their dealings in any securities of the Company pursuant to the requirements of the Takeovers Code. The full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

"Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation."

F. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 28 January 2019 pending the publication of this joint announcement. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 4 February 2019.

G. WARNING

Shareholders should take note that the Subscription Agreement and the transactions contemplated thereunder are subject to the fulfillment and/or waiver, as applicable, of the Subscription Conditions. As such, the Subscription Agreement and the transactions contemplated thereunder may or may not proceed.

The Offers will be made only if the Subscription Completion takes place. Accordingly, the Offers may or may not be made. The issue of this joint announcement does not in any way imply that the Offers will be made.

The Directors make no recommendation as to the fairness or reasonableness of the Offers or as to the acceptance of the Offers in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offers unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Offers and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offers.

Shareholders and potential investors of the Company are (i) reminded to monitor the announcements to be made by the Company or jointly by the Offeror and the Company in respect of the progress of the Offers; and (ii) advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this joint announcement shall have the meanings ascribed to them below:

- “1st Ample Reach CB”** the zero-coupon convertible bonds in the principal amount of HK\$13,671,875 issued by the Company to Ample Reach on completion of the Charm Eastern Acquisition carrying conversion right to convert into 78,125,000 Existing Shares at the conversion price of HK\$0.175 per Existing Share on or before 30 September 2018, which were fully converted on 28 September 2018
- “2nd Ample Reach CB”** the zero-coupon convertible bonds in the principal amount of HK\$13,671,875 issued by the Company to Ample Reach on completion of the Charm Eastern Acquisition carrying conversion right to convert into 78,125,000 Existing Shares at the conversion price of HK\$0.175 per Existing Share on or before 30 April 2019
- “3rd Ample Reach CB”** the zero-coupon convertible bonds in the principal amount of HK\$13,671,875 issued by the Company to Ample Reach on completion of the Charm Eastern Acquisition carrying conversion right to convert into 78,125,000 Existing Shares at the conversion price of HK\$0.175 per Existing Share on or before 30 September 2019
- “acting in concert”** having the meaning ascribed thereto under the Takeovers Code
- “Adjusted 2nd Ample Reach CB”** the 2nd Ample Reach CB with its conversion right being adjusted by the Share Consolidation, such that the number of conversion shares and the conversion price are adjusted to 19,531,250 Consolidated Shares and HK\$0.70 per Consolidated Share, respectively
- “Adjusted 3rd Ample Reach CB”** the 3rd Ample Reach CB with its conversion right being adjusted by the Share Consolidation, such that the number of conversion shares and the conversion price are adjusted to 19,531,250 Consolidated Shares and HK\$0.70 per Consolidated Share, respectively

“Adjusted Convertible Bonds”	all the Convertible Bonds as adjusted by the Share Consolidation, including the Adjusted Qianhai 2016 CB, the Adjusted 2nd Ample Reach CB, the Adjusted 3rd Ample Reach CB, the Adjusted HK Yinger CB and the Adjusted Zheyin Tianqin CB
“Adjusted HK Yinger CB”	the HK Yinger CB with its conversion right being adjusted by the Share Consolidation, such that the number of conversion shares and the conversion price are adjusted to 176,470,588 Consolidated Shares and HK\$0.68 per Consolidated Share, respectively
“Adjusted Qianhai 2016 CB”	the Qianhai 2016 CB with its conversion right being adjusted by the Share Consolidation, such that the number of conversion shares and the conversion price are adjusted to 10,000,000 Consolidated Shares and HK\$1.20 per Consolidated Share, respectively
“Adjusted Share Options”	the Share Options as adjusted by the Share Consolidation, such that the maximum number of Shares to be issued upon the full exercise and the exercise price are adjusted to 3,500,000 Consolidated Shares and HK\$1.28 per Consolidated Share, respectively
“Adjusted Zheyin Tianqin CB”	the Zheyin Tianqin CB with its conversion right being adjusted by the Share Consolidation, such that the number of conversion shares and the conversion price are adjusted to 88,235,294 Consolidated Shares and HK\$0.68 per Consolidated Share, respectively
“Ample Reach”	Ample Reach Limited, the vendor of the Charm Eastern Acquisition and the holder of the 2nd Ample Reach CB and the 3rd Ample Reach CB

“Ample Reach Irrevocable Undertaking”	the irrevocable undertaking given by Ample Reach and Mr. Huang in favour of the Offeror that they will not, <i>inter alia</i> , tender the 2nd Ample Reach CB, the 3rd Ample Reach CB and the 78,125,000 Existing Shares held by it for acceptance of the Offers, details of which are set out in the paragraph headed “(2) Irrevocable Undertakings” under the section headed “C. POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS” in this joint announcement
“associate(s)”	having the meaning ascribed thereto under the Listing Rules or the Takeovers Code, where the context requires
“Astrum”	Astrum Capital Management Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, the financial adviser to the Offeror in respect of the Offers
“Board”	the board of Directors
“CB Offer”	the possible unconditional mandatory cash offer to be made by Astrum on behalf of the Offeror to the Offer CB Holders to acquire all the Adjusted Convertible Bonds
“Charm Eastern Acquisition”	the acquisition of Charm Eastern Limited as disclosed in the Company’s announcement dated 28 November 2017 which was completed on 31 January 2018
“Company”	Green International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange with stock code 2700
“Composite Document”	the composite offer and response document regarding the Offers to be jointly dispatched by the Offeror and the Company to the Shareholders, the Optionholders and the Offer CB Holders in accordance with the Takeovers Code

“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.04 each in the share capital of the Company after the Share Consolidation
“Convertible Bonds”	the convertible bonds issued by the Company currently outstanding as at the date of this announcement, comprising Qianhai 2016 CB, 2nd Ample Reach CB, 3rd Ample Reach CB, HK Yinger CB and Zheyin Tianqin CB
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve, the Relevant Transactions
“Encumbrances”	mortgage, charge, pledge, lien, option, restriction, purchase right, right of first refusal, right of pre-emption, voting trust or agreement, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including a title transfer or retention arrangement) having similar effect
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation
“Fluent Robust”	Fluent Robust Limited, a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of HK Yinger
“Forms of Acceptance”	the forms of acceptance in respect of the Offers accompanying the Composite Document
“Gold Bless”	Gold Bless International Invest Limited, a company incorporated in the British Virgin Islands and a deemed controlled corporation of Mr. Yu

“Group”	the Company and its subsidiaries
“HK Yinger”	Hong Kong Sheen Smile International Investment Limited, a company incorporated in Hong Kong with limited liability and 100% legally and beneficially owned by Mr. Yu
“HK Yinger CB”	the 3% per annum convertible bonds in the principal amount of HK\$120,000,000 issued by the Company to Fluent Robust on 23 March 2018 carrying conversion right to convert into 705,882,352 Existing Shares at the conversion price of HK\$0.17 per Existing Share
“HK Yinger Irrevocable Undertaking”	the irrevocable undertaking given by Mr. Yu, HK Yinger and Fluent Robust in favour of the Offeror that they will not, <i>inter alia</i> , tender the HK Yinger CB for acceptance of the Offers, details of which are set out in the paragraph headed “(2) Irrevocable Undertakings” under the section headed “C. POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS” in this joint announcement
“HK Yinger Loan Facility”	the six-months, 6.5% per annum loan facility granted by HK Yinger to the Company in the maximum principal amount of HK\$30 million as disclosed in the Company’s announcement dated 13 August 2018
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company, comprising all non-executive Directors, namely, Mr. Wu Hong, Mr. David Tsoi and Mr. Wang Chunlin, which was established by the Board for the purpose of advising the Independent Shareholders on (i) the Relevant Transactions and as to voting; and (ii) the Offers and in particular as to whether the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers

“Independent Financial Adviser” or “Red Sun”	Red Sun Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on (i) the Relevant Transactions and as to voting; and (ii) the Offers and in particular as to whether the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers
“Independent Shareholders”	the TC Independent Shareholders and the LR Independent Shareholders, as the case may be
“Independent Third Party(ies)”	person(s) or company(s) who/which is/are not connected with the directors, chief executive or substantial shareholders (as defined under the Listing Rules) of the Company or any of its subsidiaries, or any of their respective associates
“Irrevocable Undertakings”	collectively, the Mr. Liu Irrevocable Undertaking, the Ample Reach Irrevocable Undertaking and the HK Yinger Irrevocable Undertaking
“Last Trading Day”	25 January 2019, being the last trading day of the Shares on the Stock Exchange prior to the suspension of trading in the Shares pending the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Repayment”	the proposed utilization of approximately HK\$31 million out of the proceeds payable by the Subscriber for the Subscription Consolidated Shares to repay the HK Yinger Loan Facility owed by the Company to HK Yinger
“Long Stop Date”	30 April 2019 (or such later date as may be agreed in writing between the Company and the Subscriber), being the long stop date for the satisfaction or (where applicable) waiver of the Subscription Conditions

“LR Independent Shareholders”	Shareholders other than (i) the Subscriber and its associates; (ii) Gold Bless; (iii) Mr. Liu; and (iv) any Shareholders who have a material interest (within the meaning of the Listing Rules) in the Subscription and the Specific Mandate and are required by the Listing Rules to abstain from voting on the relevant resolutions at the EGM
“Mr. Chen”	Mr. Chen Hanhong, an executive Director
“Mr. Huang”	Mr. Huang Zhenxia, the owner and controller of the entire issued share capital of Ample Reach
“Mr. Liu”	Mr. Liu Dong, a Shareholder and an executive Director
“Mr. Liu Irrevocable Undertaking”	the irrevocable undertaking given by Mr. Liu and Smoothly Good in favour of the Offeror that they will not, <i>inter alia</i> , tender the 251,460,000 Existing Shares held by them for acceptance of the Offers, details of which are set out in the paragraph headed “(2) Irrevocable Undertakings” under the section headed “C. POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS” in this joint announcement
“Mr. Yu”	Mr. Yu Qigang, an executive Director and the chairman of the Board
“Ms. Zhou”	Ms. Zhou Cuiqiong, spouse of Mr. Yu and the sole director of the Offeror
“Non-accepting Securities Holders”	collectively, (i) Mr. Liu and Smoothly Good, being subject to the Mr. Liu Irrevocable Undertaking; (ii) Mr. Huang and Ample Reach, being subject to the Ample Reach Irrevocable Undertaking; and (iii) Mr. Yu, HK Yinger and Fluent Robust, being subject to the HK Yinger Irrevocable Undertaking, who have all undertaken to the Offeror not to accept the Offers in respect of securities in the Company held by them
“Offer CB Holder(s)”	holder(s) of the Adjusted Convertible Bond(s)
“Offer Consolidated Share(s)”	all the Consolidated Share(s) in issue, other than those Consolidated Shares agreed to be acquired by the Offeror

“Offer Shareholder(s)”	holder(s) of the Offer Consolidated Share(s)
“Offeror” or “Subscriber”	Jumbo Faith International Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Ms. Zhou, the subscriber under the Subscription and the offeror under the Offers
“Offers”	Collectively, the Share Offer, the Option Offer and the CB Offer
“Offers Closing Date”	the date of closing of the Offers
“Option Offer”	the possible unconditional mandatory cash offer to be made by Astrum on behalf of the Offeror to the Optionholders for cancellation of the Adjusted Share Options
“Optionholders”	the registered holders of the Share Options
“Overseas CB Holder(s)”	Offer CB Holder(s) whose address(es) is/are outside Hong Kong
“Overseas Optionholder(s)”	Optionholder(s) whose address(es) is/are outside Hong Kong
“Overseas Shareholder(s)”	Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“Qianhai 2016 CB”	the 8% per annum convertible bonds in the principal amount of HK\$12,000,000 issued by the Company to Hong Kong Qian Hai Financial Group Limited on 15 April 2016 carrying conversion right to convert into 40,000,000 Existing Shares at the conversion price of HK\$0.30 per Existing Share
“Relevant Transactions”	the Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate) and the Special Deal
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the Existing Share(s) or the Consolidated Share(s), as the context may require
“Share Consolidation”	the proposed consolidation of every four issued and unissued Existing Shares into one Consolidated Share as disclosed in the Share Consolidation Announcement
“Share Consolidation Announcement”	the Company’s announcement dated 22 January 2019 in relation to the Share Consolidation
“Share Offer”	the possible unconditional mandatory cash offer to be made by Astrum on behalf of the Offeror to the Shareholders to acquire all the Offer Consolidated Shares
“Share Offer Price”	the price at which for each of the Offer Consolidated Share will be made, being HK\$0.212 per Offer Consolidated Share
“Share Option(s)”	the option(s) to subscribe for new Shares granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 2 September 2006 and lapsed on 2 September 2016
“Shareholders”	holder(s) of the Share(s)
“Smoothly Good”	Smoothly Good Investment Development Limited, a controlled corporation wholly-owned by Mr. Liu
“Special Deal”	the Loan Repayment which constitutes a special deal under Rule 25 of the Takeovers Code
“Specific Mandate”	the specific mandate proposed to be obtained from the LR Independent Shareholders at the EGM to issue the Subscription Consolidated Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the proposed subscription of the Subscription Consolidated Shares by the Subscriber pursuant to the Subscription Agreement

“Subscription Agreement”	the conditional share subscription agreement dated 25 January 2019 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Completion”	the completion of the Subscription in accordance with the terms and subject to the conditions of the Subscription Agreement
“Subscription Completion Date”	the date of Subscription Completion, which shall take place within five business days after the date upon which the last of the Subscription Conditions is satisfied (or, where permissible, waived) or such other time and date as the Company and the Subscriber may mutually agree
“Subscription Conditions”	the conditions precedent to the Subscription Completion as contained in the Subscription Agreement and summarized in the paragraph headed “(1) The Subscription Agreement — Subscription Conditions” under the section headed “A. CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE” in this joint announcement
“Subscription Consolidated Shares”	754,716,981 Consolidated Shares to be allotted and issued to the Subscriber pursuant to the terms and subject to the conditions of the Subscription Agreement
“Subscription Price”	HK\$0.212 per Subscription Consolidated Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“TC Independent Shareholders”	Shareholders other than (i) the Subscriber/the Offeror and parties acting and presumed to be acting in concert with it (including Mr. Yu, Gold Bless and Mr. Liu); and (ii) any Shareholders who are involved in or interested in the Subscription or the Special Deal (otherwise than solely as Shareholders) and are required by the Takeovers Code to abstain from voting on the relevant resolutions at the EGM

“Zheyin Tianqin CB” the 6% per annum convertible bonds in the principal amount of HK\$60,000,000 issued by the Company to Dogain Capital Limited (a controlled corporation wholly-owned by Zheyin Tianqin (Shenzhen) Investment Limited) on 19 April 2018 carrying conversion right to convert into 352,941,176 Existing Shares at the conversion price of HK\$0.17 per Existing Share

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

For and on behalf of
Jumbo Faith International Limited
Zhou Cuiqiong
Sole Director

By order of the Board
Green International Holdings Limited
Liu Dong
Executive Director

Hong Kong, 1 February 2019

As at the date of this joint announcement, the executive Directors are Mr. Yu Qigang (Chairman), Mr. Chen Hanhong and Mr. Liu Dong; and the independent non-executive Directors are Mr. Wu Hong, Mr. David Tsoi and Mr. Wang Chunlin.

As at the date of this joint announcement, the sole director of the Offeror is Ms. Zhou Cuiqiong.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group) and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this joint announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.