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If you have sold or transferred all your shares in Green International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, the licensed securities dealer or registered institution or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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GREEN INTERNATIONAL

Holdings Limited

格林國際控股有限公司

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)

(I) SUBSCRIPTION OF CONVERTIBLE BONDS:

**(1) BY HK YINGER UNDER HK YINGER SPECIFIC MANDATE
CONSTITUTING A CONNECTED TRANSACTION; AND**

(2) BY ZHEYIN TIANQIN UNDER ZHEYIN TIANQIN SPECIFIC MANDATE;

(II) PROPOSED INCREASE IN AUTHORIZED SHARE CAPITAL; AND

(III) NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



紅日資本有限公司

RED SUN CAPITAL LIMITED

Terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 6 to 30 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 31 to 32 of this circular. A letter from Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 33 to 56 of this circular.

A notice dated 28 February 2018 convening the EGM to be held on Monday, 19 March 2018 at 3:00 p.m. at Conference Room, Suite 2208-09, 22/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong is set out on pages 67 to 70 of this circular. Whether or not you are able to attend the EGM in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting thereof if you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked.

28 February 2018

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:

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| “Ample Reach CBs” | the convertible bonds issued to Ample Reach Limited on completion of the Charm Eastern Acquisition on 31 January 2018 |
| “Announcement” | the Company’s announcement dated 26 January 2018 (as clarified by the Company’s announcements dated 29 January 2018 and 1 February 2018) in relation to, among other things, the CB Subscription Agreements and the transactions contemplated thereunder and the grant of the Specific Mandates |
| “associates” | having the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Business Day” | any day (other than a Saturday, Sunday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which banks in Hong Kong are open for business |
| “CB Subscribers” | collectively, HK Yinger, Zheyin Tianqin and the Investor |
| “CB Subscription Agreements” | collectively, the HK Yinger CB Subscription Agreement, the Zheyin Tianqin CB Subscription Agreement and the Investor CB Subscription Agreement |
| “CB Subscriptions” | collectively, the HK Yinger CB Subscription, the Zheyin Tianqin CB Subscription and the Investor CB Subscription |
| “Charm Eastern Acquisition” | the acquisition of Charm Eastern Limited pursuant to the sale and purchase agreement entered into between the Company, Ample Reach Limited, Mr. Huang Zhenxia, Shenzhen Zizhong Medical Services Company Limited and Charm Eastern Limited dated 28 November 2017, as disclosed in the Company’s announcements dated 28 November 2017 and 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 |
| “connected persons” | having the meaning ascribed to it under the Listing Rules |

DEFINITIONS

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| “Conversion Period” | the period commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date |
| “Conversion Price” | HK\$0.17 per Conversion Share, subject to adjustments and the terms and conditions of the Convertible Bonds |
| “Conversion Shares” | the new Share(s) to be allotted and issued by the Company upon the exercise by the holders of the conversion rights attaching to the Convertible Bonds |
| “Convertible Bonds” | the convertible bonds proposed to be issued by the Company in the aggregate principal amount of HK\$207,200,000 under the CB Subscription Agreements |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be held on Monday, 19 March 2018 at 3:00 p.m. at Conference Room, Suite 2208-09, 22/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong for the purpose of approving, amongst other things, the HK Yinger CB Subscription Agreement, the Zheyin Tianqin CB Subscription Agreement and the transactions contemplated thereunder and the grant of the Specific Mandates |
| “General Mandate” | the general authority granted by the Shareholders to the Directors at the annual general meeting of the Company held on 30 June 2017 to issue up to 394,490,521 Shares, representing 20% of the total number of Shares in issue as at 30 June 2017 |
| “Gold Bless” | Gold Bless International Invest Limited, a company incorporated in the British Virgin Islands with limited liability and the holder of 987,697,627 Shares representing 50.07% of the total issued share capital of the Company |
| “Group” | collectively, 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 Subscription” | the subscription of the HK Yinger Convertible Bonds by HK Yinger on the terms and subject to the conditions of the HK Yinger CB Subscription Agreement |

DEFINITIONS

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| “HK Yinger CB Subscription Agreement” | the convertible bond subscription agreement entered into between the Company and HK Yinger dated 26 January 2018 in relation to the subscription by HK Yinger of the HK Yinger Convertible Bonds |
| “HK Yinger Conversion Shares” | the new Share(s) to be allotted and issued by the Company upon the exercise by HK Yinger of the conversion rights attaching to the HK Yinger Convertible Bonds |
| “HK Yinger Convertible Bonds” | the 3% per annum convertible bonds proposed to be issued by the Company in the aggregate principal amount of HK\$120,000,000 under the HK Yinger CB Subscription Agreement |
| “HK Yinger Specific Mandate” | the authority to be sought from the Independent Shareholders at the EGM to authorize the Directors to allot and issue the HK Yinger Conversion Shares upon conversion of the HK Yinger Convertible Bonds |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Increase in Authorized Share Capital” | the proposed increase in authorized share capital of the Company from HK\$40,000,000.00 divided into 4,000,000,000 Shares to HK\$200,000,000.00 divided into 20,000,000,000 Shares by the creation of additional 16,000,000,000 Shares |
| “Independent Board Committee” | the independent board committee of the Company, comprising all the independent non-executive Directors, namely Mr. Wu Hong, Mr. David Tsoi, Mr. Wang Chunlin and Ms. Sun Zhili, which was established to make recommendation to the Independent Shareholders regarding the terms of the HK Yinger CB Subscription Agreement and the HK Yinger Specific Mandate |
| “Independent Financial Adviser” | Red Sun Capital Limited, a corporation licensed 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 regarding the terms of the HK Yinger CB Subscription Agreement and the HK Yinger Specific Mandate |

DEFINITIONS

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| “Independent Shareholders” | Shareholders other than (a) Mr. Yu and his associates, and (b) any other Shareholders who are required by the Listing Rules to abstain from voting in respect of the resolution(s) relating to the HK Yinger CB Subscription Agreement and the HK Yinger Specific Mandate at the EGM |
| “Investor” | Mr. Liu Dong (劉東), the subscriber under the Investor CB Subscription Agreement and a third party independent of and not connected with the Company and its connected persons and associates |
| “Investor CB Subscription” | the subscription of the Investor Convertible Bonds by the Investor on the terms and subject to the conditions of the Investor CB Subscription Agreement |
| “Investor CB Subscription Agreement” | the convertible bond subscription agreement entered into between the Company and the Investor dated 26 January 2018 in relation to the subscription by the Investor of the Investor Convertible Bonds |
| “Investor Conversion Shares” | the new Share(s) to be allotted and issued by the Company upon the exercise by the Investor of the conversion rights attaching to the Investor Convertible Bonds |
| “Investor Convertible Bonds” | the 6% per annum convertible bonds proposed to be issued by the Company in the aggregate principal amount of HK\$27,200,000 under the Investor CB Subscription Agreement |
| “Latest Practicable Date” | 27 February 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange |
| “Maturity Date” | the day falling on the second anniversary of the date of issue of the Convertible Bonds or if such date is not a Business Day, the next Business Day |
| “Mr. Yang” | Mr. Yang Wang Jian, an executive Director of the Company |
| “Mr. Yu” | Mr. Yu Qigang, an executive Director and the chairman of the Company |
| “PRC” | the People’s Republic of China |

DEFINITIONS

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| “SFO” | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Specific Mandates” | collectively, the HK Yinger Specific Mandate and the Zheyin Tianqin Specific Mandate |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “Zheyin Tianqin” | 浙銀天勤(深圳)投資有限公司 (Zheyin Tianqin (Shenzhen) Investment Limited*), a company incorporated in the PRC with limited liability |
| “Zheyin Tianqin CB Subscription” | the subscription of the Zheyin Tianqin Convertible Bonds by Zheyin Tianqin on the terms and subject to the conditions of the Zheyin Tianqin CB Subscription Agreement |
| “Zheyin Tianqin CB Subscription Agreement” | the convertible bond subscription agreement entered into between the Company and Zheyin Tianqin dated 26 January 2018 in relation to the subscription of Zheyin Tianqin Convertible Bonds by Zheyin Tianqin |
| “Zheyin Tianqin Conversion Shares” | the new Share(s) to be allotted and issued by the Company upon the exercise by Zheyin Tianqin of the conversion rights attaching to the Zheyin Tianqin Convertible Bonds |
| “Zheyin Tianqin Convertible Bonds” | the 6% per annum convertible bonds proposed to be issued by the Company in the aggregate principal amount of HK\$60,000,000 under the Zheyin Tianqin CB Subscription Agreement |
| “Zheyin Tianqin Specific Mandate” | the authority to be sought from the Shareholders at the EGM to authorize the Directors to allot and issue the Zheyin Tianqin Conversion Shares upon conversion of the Zheyin Tianqin Convertible Bonds |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “%” | per cent. |

* *In this circular, the English transliteration of the Chinese names, where indicated, are included for identification purpose only, and should not be regarded as the official English names of such Chinese names. In the event of any inconsistency, the Chinese names shall prevail.*

LETTER FROM THE BOARD



GREEN INTERNATIONAL

Holdings Limited

格林國際控股有限公司

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)

Executive Directors:

Dr. Yu Qigang (*Chairman*)
Mr. Zeng Xiang Di (*Chief Executive Officer*)
Mr. Yang Wang Jian
Mr. Chen Hanhong
Ms. Eva Au

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Non-executive Director:

Ms. Yu Jiaoli

Principal place of business in Hong Kong:

Suite 2208-09, 22/F.
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

Independent non-executive Directors:

Mr. Wu Hong
Mr. David Tsoi
Mr. Wang Chunlin
Ms. Sun Zhili

28 February 2018

To the Shareholders

Dear Sir or Madam,

**(I) SUBSCRIPTION OF CONVERTIBLE BONDS:
(1) BY HK YINGER UNDER HK YINGER SPECIFIC MANDATE
CONSTITUTING A CONNECTED TRANSACTION; AND
(2) BY ZHEYIN TIANQIN UNDER ZHEYIN TIANQIN SPECIFIC MANDATE;
AND
(II) PROPOSED INCREASE IN AUTHORIZED SHARE CAPITAL**

INTRODUCTION

Reference is made to (1) the announcements of the Company dated 26 January 2018 and 13 February 2018 in relation to, among other things, the subscription of the Convertible Bonds by HK Yinger under HK Yinger Specific Mandate constituting a connected transaction and by

LETTER FROM THE BOARD

Zheyin Tianqin under Zheyin Tianqin Specific Mandate and the Increase in Authorized Share Capital; and (2) the Company's clarification announcements dated 29 January 2018 and 1 February 2018 containing clarifications on the Announcement.

On 26 January 2018 (after trading hours), the Company entered into (amongst other things):

- (1) the HK Yinger CB Subscription Agreement with HK Yinger pursuant to which the Company conditionally agreed to issue, and HK Yinger conditionally agreed to subscribe for, the HK Yinger Convertible Bonds in the aggregate principal amount of HK\$120,000,000; and
- (2) the Zheyin Tianqin CB Subscription Agreement with Zheyin Tianqin pursuant to which the Company conditionally agreed to issue, and Zheyin Tianqin conditionally agreed to subscribe for, the Zheyin Tianqin Convertible Bonds in the aggregate principal amount of HK\$60,000,000.

The purpose of this circular is to provide you with, among other matters, (i) further information on the HK Yinger CB Subscription Agreement and the Zheyin Tianqin CB Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandates and the Increase in Authorized Share Capital; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the terms of the HK Yinger CB Subscription Agreement and the HK Yinger Specific Mandate; (iii) a letter from the Independent Financial Adviser containing their advice to the Independent Board Committee and the Independent Shareholders regarding the terms of the HK Yinger CB Subscription Agreement and the HK Yinger Specific Mandate; and (iv) the notice of the EGM.

THE HK YINGER CB SUBSCRIPTION

On 26 January 2018 (after trading hours), the Company entered into the HK Yinger CB Subscription Agreement with HK Yinger pursuant to which the Company conditionally agreed to issue, and HK Yinger conditionally agreed to subscribe for, the HK Yinger Convertible Bonds in the aggregate principal amount of HK\$120,000,000.

The principal terms of the Convertible Bonds are summarised in the section headed "PRINCIPAL TERMS OF THE CONVERTIBLE BONDS" in this circular.

Conditions Precedent to the HK Yinger CB Subscription

Completion of the HK Yinger CB Subscription Agreement is conditional upon:

- (1) the Company having obtained the approval from the Stock Exchange for the listing of, and permission to deal in, the HK Yinger Conversion Shares upon conversion of the HK Yinger Convertible Bonds, and such approval not having been revoked or cancelled prior to completion of the HK Yinger CB Subscription; and

LETTER FROM THE BOARD

- (2) the obtaining by the Company of the approval of the Independent Shareholders at the EGM in respect of the connected transaction arising from the HK Yinger CB Subscription, and the HK Yinger Specific Mandate arising from the issue of the HK Yinger Convertible Bonds.

None of the conditions precedent above can be waived by any party in any event.

The long stop date for the fulfillment of the conditions precedent to the HK Yinger CB Subscription Agreement is 3 March 2018 (the “**First Long Stop Date**”). If the conditions precedent to the HK Yinger CB Subscription Agreement are not fulfilled at or before 5:00 p.m. on the First Long Stop Date, the Company may extend the long stop date to 2 April 2018 (the “**Second Long Stop Date**”). If the conditions precedent to the HK Yinger CB Subscription Agreement are not fulfilled at or before 5:00 p.m. on the Second Long Stop Date, then unless the Company and HK Yinger mutually agree to further extend the long stop date, the HK Yinger CB Subscription Agreement shall lapse and become null and void and the parties to the HK Yinger CB Subscription Agreement shall be released from all obligations thereunder forthwith, save for liabilities for any antecedent breaches thereof. If the long stop date is extended by mutual consent of the Company and HK Yinger such that the One Month Limit (as defined below) is exceeded, the Company shall re-comply with the Listing Rules.

Completion of the HK Yinger CB Subscription shall take place within ten Business Days after the day on which the last condition precedent to the HK Yinger CB Subscription Agreement is fulfilled (or such other date as the Company and HK Yinger may agree in writing), and in any event completion of the HK Yinger CB Subscription shall take place within 1 month after the obtaining of the Shareholders’ approval on the Specific Mandates at the EGM (the “**One Month Limit**”).

Under the terms of the HK Yinger CB Subscription Agreement, HK Yinger has the right to nominate either itself, Mr. Yu or any corporate entity wholly-owned by HK Yinger or Mr. Yu to take up the HK Yinger Convertible Bonds on completion of the HK Yinger CB Subscription.

Information relating to HK Yinger and Mr. Yu

HK Yinger is a company incorporated in Hong Kong with limited liability principally engaged in investment holding. HK Yinger is the lender of the First and Second HK Yinger Loans (as defined below). Based on the information provided by Mr. Yu, HK Yinger is 100% legally and beneficially owned by Mr. Yu.

Mr. Yu is an executive Director, the chairman and a controlling shareholder of the Company who is deemed, pursuant to Part XV of the SFO, to be interested in 987,697,627 Shares held by Gold Bless, representing 50.07% of the total issued share capital of the Company. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries with Mr. Yu, as at the Latest Practicable Date, (a) Gold Bless was deemed as 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 Investments Limited

LETTER FROM THE BOARD

(“**Winning Top**”) in Gold Bless; and (b) Winning Top was 100% legally and beneficially owned by Mr. Yu; and (c) Mr. Yu was not a director of Gold Bless and to the best of his knowledge, information and belief, Mr. Yang was the sole director of Gold Bless.

Based on disclosure of interest filings made on behalf of Mr. Yang, it was disclosed that Mr. Yang is the registered shareholder of the other 65% issued share capital of Gold Bless (the “**Disputed Gold Bless Shareholding**”). Based on the information provided by Mr. Yu, (a) he has an alleged claim over the Disputed Gold Bless Shareholding; (b) 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; (c) pursuant to the order of the High Court of Hong Kong, the 987,697,627 Shares held by Gold Bless are maintained with a licensed financial institution until further order or the conclusion of the Gold Bless Litigation; (d) 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 Shares held by Gold Bless until further order or the conclusion of the Gold Bless Litigation. Based on the information provided by Mr. Yu, the Board is of the view that, Mr. Yu is a connected person of the Company as defined in Chapter 14A of the Listing Rules because of his directorship in the Company and at least 35% shareholding owned by him and Winning Top in Gold Bless, a substantial shareholder of the Company, regardless of the outcome of the Gold Bless Litigation.

The First and Second HK Yinger Loans

HK Yinger is the lender under (a) the loan agreement dated 14 June 2017 regarding the grant of loan to the Company (as borrower) in the principal amount of HK\$60 million (the “**First HK Yinger Loan**”) at the interest rate of 4.8% per annum for a period of one year (with lender’s right to demand earlier repayment); and (b) the loan agreement dated 3 October 2017 regarding the grant of loan to the Company (as borrower) in the principal amount of HK\$60 million (the “**Second HK Yinger Loan**”) at the interest rate of 6.5% per annum for the period of six months (with lender’s right to demand earlier repayment). Further details regarding the First and Second HK Yinger Loans were already disclosed in the Company’s announcements dated 14 June 2017 and 3 October 2017, respectively.

The First and Second HK Yinger Loans shall start to fall due in June and April 2018, respectively, unless demanded for earlier dates or extended by HK Yinger. If the HK Yinger CB Subscription proceeds to completion before the Second Long Stop Date, the Company will be able to apply the raised proceeds in partial set-off and repayment of the outstanding principal and accrued interest of the First and Second HK Yinger Loans on or before their respective contractual due dates.

Automatic conversion of HK Yinger Convertible Bonds

Unless the Company is required to redeem the HK Yinger Convertible Bonds pursuant to their terms as a result of the serving of default notice by the holder of the bonds upon the occurrence of an Event of Default, or redeemed pursuant to the exercise of the Company’s early redemption, or it becomes necessary for the Company to redeem all or part of the HK Yinger Convertible Bonds on the Maturity Date as conversion is prohibited by the Conversion Restrictions, the HK Yinger Convertible Bonds are automatically converted into Conversion

LETTER FROM THE BOARD

Shares on the Maturity Date. For the avoidance of doubt, no interest shall be payable on the HK Yinger Convertible Bonds if they are eventually converted into Conversion Shares. Such automatic conversion clause was requested by the Company after having considered the Group's financial position, with the view to encouraging conversion of the HK Yinger Convertible Bonds at maturity, thereby saving the Group's interest costs on the HK Yinger Convertible Bonds and relieving the repayment pressure of the Group. Given that (a) the Company is no longer required to repay the principal or interest on the HK Yinger Convertible Bonds if they are automatically converted, thereby reducing the liabilities level and finance costs of the Company, and (b) the Company nonetheless has the flexibility of early redemption if it so wishes, the Directors are of the view that the automatic conversion clause of the HK Yinger Convertible Bonds is favourable to the Company, fair and reasonable and in the interests of the Company and its Shareholders.

THE ZHEYIN TIANQIN CB SUBSCRIPTION

On 26 January 2018 (after trading hours), the Company entered into the Zheyin Tianqin CB Subscription Agreement with Zheyin Tianqin pursuant to which the Company conditionally agreed to issue, and Zheyin Tianqin conditionally agreed to subscribe for, Convertible Bonds in the aggregate principal amount of HK\$60,000,000.

The principal terms of the Convertible Bonds are summarised in the section headed "PRINCIPAL TERMS OF THE CONVERTIBLE BONDS" in this circular.

Conditions Precedent to the Zheyin Tianqin CB Subscription

Completion of the Zheyin Tianqin CB Subscription Agreement is conditional upon:

- (1) the Company having obtained the approval from the Stock Exchange for the listing of, and permission to deal in, the Zheyin Tianqin Conversion Shares upon conversion of the Zheyin Tianqin Convertible Bonds, and such approval not having been revoked or cancelled prior to completion of the Zheyin Tianqin CB Subscription; and
- (2) the obtaining by the Company of the approval of the Shareholders at the EGM in respect of the Zheyin Tianqin Specific Mandate arising from the Zheyin Tianqin CB Subscription, and the issue of the Zheyin Tianqin Convertible Bonds; and
- (3) the completion of HK Yinger CB Subscription.

None of the conditions precedent above can be waived by any party in any event.

The long stop date for the fulfillment of the conditions precedent to the Zheyin Tianqin CB Subscription Agreement is 3 March 2018 (i.e. the First Long Stop Date). If the conditions precedent to the Zheyin Tianqin CB Subscription Agreement are not fulfilled at or before 5:00 p.m. on the First Long Stop Date, the Company may extend the long stop date to 2 April 2018 (i.e. the Second Long Stop Date). If the conditions precedent to the Zheyin Tianqin CB Subscription Agreement are not fulfilled at or before 5:00 p.m. on the Second Long Stop Date, then unless the Company and Zheyin Tianqin mutually agree to further extend the long

LETTER FROM THE BOARD

stop date, the Zheyin Tianqin CB Subscription Agreement shall lapse and become null and void and the parties to the Zheyin Tianqin CB Subscription Agreement shall be released from all obligations thereunder forthwith, save for liabilities for any antecedent breaches thereof. If the long stop date is extended by mutual consent of the Company and Zheyin Tianqin such that the One Month Limit is exceeded, the Company shall re-comply with the Listing Rules.

Completion of the Zheyin Tianqin CB Subscription shall take place within ten Business Days after the day on which the last condition precedent to the Zheyin Tianqin CB Subscription Agreement is fulfilled (or such other date as the Company and Zheyin Tianqin may agree in writing), and in any event completion of the Zheyin Tianqin CB Subscription shall take place within 1 month after the obtaining of the Shareholders' approval on the Specific Mandates at the EGM (i.e. the One Month Limit).

Under the terms of the Zheyin Tianqin CB Subscription Agreement, Zheyin Tianqin has the right to nominate either itself, Mr. Xia or any corporate entity wholly-owned by Mr. Xia or Zheyin Tianqin to take up the Zheyin Tianqin Convertible Bonds on completion of the Zheyin Tianqin CB Subscription.

Information relating to Zheyin Tianqin

Based on the information provided by Zheyin Tianqin, Zheyin Tianqin is a company incorporated in the PRC with limited liability whose scope of operations includes investment holding, consultancy, trading, import and export. Based on the information provided by Zheyin Tianqin, and publicly available information, the entire equity interest of Zheyin Tianqin is legally and beneficially owned by Mr. Xia Yongqin (夏勇勤) (“**Mr. Xia**”). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the subscription in February to March 2017 and the holding of the Zheyin Tianqin 2017 CB (as further detailed below), Zheyin Tianqin and its ultimate beneficial owner (i.e. Mr. Xia) (a) are third parties independent of and not connected with the Company and its connected persons and associates; (b) have no relationship with Mr. Yu (the controller of HK Yinger) or the Investor and have no agreement or understanding with them as to the acquisition of voting rights in the Company; and (c) did not hold any Shares as at the Latest Practicable Date.

Zheyin Tianqin 2017 CB

Zheyin Tianqin was the subscriber and holder of convertible bonds in the principal amount of HK\$25,000,000 (“**Zheyin Tianqin 2017 CB**”) bearing 8% per annum interest (which is only payable if the bonds are neither converted during the conversion period nor redeemed prior to maturity), maturing on 3 March 2018 and carrying right to convert into 125,000,000 Shares at the exercise price of HK\$0.20 per Share on 3 March 2018. As disclosed in the Company's announcements dated 13 February and 3 March 2017, assuming the conversion right attaching to Zheyin Tianqin 2017 CB are exercised in full, Zheyin Tianqin will be entitled to be issued and allotted 125,000,000 conversion shares representing approximately 6.34% of the issued share capital of the Company prior to conversion or approximately 5.96% of the issued share capital of the Company as enlarged by the said conversion shares.

LETTER FROM THE BOARD

The Zheyin Tianqin 2017 CB shall fall due on its contractual maturity date of 3 March 2018, unless Zheyin Tianqin exercises the conversion right on 3 March 2018. As a condition of the Zheyin Tianqin CB Subscription Agreement, if the Zheyin Tianqin CB Subscription proceeds to completion before the First Long Stop Date (i.e. 3 March 2018, which coincides with the maturity date of the Zheyin Tianqin 2017 CB), Zheyin Tianqin agreed to fully convert the Zheyin Tianqin 2017 CB into 125,000,000 Shares without demanding repayment from the Company. If the Zheyin Tianqin CB Subscription does not complete before the maturity date of the Zheyin Tianqin 2017 CB and if Zheyin Tianqin does not exercise the conversion right attaching to the Zheyin Tianqin 2017 CB, the Company intends to utilize the proceeds of the Investor CB Subscription for the settlement of the principal and interest of the Zheyin Tianqin 2017 CB.

Conversion of Zheyin Tianqin Convertible Bonds

On the Maturity Date, Zheyin Tianqin may elect to convert the Zheyin Tianqin Convertible Bonds into Conversion Shares or to require the Company to redeem the bond at the redemption price which is equivalent to the principal amount of the redeemed Convertible Bonds plus interest of 6% per annum calculated from the date of issue of the bond up to and including the date of redemption. For the avoidance of doubt, no interest shall be payable on the Zheyin Tianqin Convertible Bonds if they are eventually converted into Conversion Shares.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

- Issuer : The Company
- Total principal amount : HK\$207,200,000 in aggregate, comprising:
- (a) HK Yinger Convertible Bonds of HK\$120,000,000,
 - (b) Zheyin Tianqin Convertible Bonds of HK\$60,000,000, and
 - (c) Investor Convertible Bonds of HK\$27,200,000
- Interest : (a) 3% per annum for HK Yinger Convertible Bonds, and
- (b) 6% per annum for Zheyin Tianqin Convertible Bonds and Investor Convertible Bonds,
- in each case provided that no interest is payable for any part of the Convertible Bonds which are converted into Conversion Shares pursuant to the conditions of the Convertible Bonds.
- Maturity Date : The day falling on the second anniversary of the date of issue of the Convertible Bonds (or if such date is not a Business Day, the next Business Day)
- Conversion Period : The period commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date.

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- Conversion Rights : Holders of the Convertible Bonds shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at the initial Conversion Price of HK\$0.17 per Conversion Share at any time during the Conversion Period, provided always that the holder shall not convert the Convertible Bonds to an extent which would either (a) reduce the public float of the Company to less than 25% (or the relevant percentage as prescribed by the Listing Rules) of the issued Shares or (b) result in any change of control (as defined in the Takeovers Code) of the Company or otherwise trigger any mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder of the Convertible Bonds who exercises the conversion rights (or its concert party) unless the regulatory requirements under the Takeovers Code and the Listing Rules are fully complied with (collectively, the “**Conversion Restrictions**”).
- Conversion Shares : Based on the initial Conversion Price of HK\$0.17 per Conversion Share, an aggregate of 1,218,823,528 Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bonds, representing: (a) approximately 61.79% of the existing issued share capital of the Company, (b) approximately 38.19% of the issued share capital of the Company as enlarged by the issue of 1,218,823,528 Conversion Shares; and (c) approximately 36.75% of the issued share capital of the Company as enlarged by the issue of 1,218,823,528 Conversion Shares and the full conversion of the Zheyin Tianqin 2017 CB as undertaken by Zheyin Tianqin subject to completion of the Zheyin Tianqin CB Subscription, in each case assuming there is no other change in the issued share capital of the Company between the Latest Practicable Date and the full conversion of the Convertible Bonds. The aggregate nominal value of the maximum 1,218,823,528 Conversion Shares is HK\$12,188,235.28.

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Conversion Price : The initial Conversion Price of HK\$0.17 represents: (i) a premium of approximately 4.29% over the closing price of HK\$0.163 per Share as quoted on the Stock Exchange on the date of signing of the CB Subscription Agreements; (ii) a premium of approximately 5.46% over the average closing price of HK\$0.1612 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of signing of the CB Subscription Agreements; (iii) a premium of approximately 109.45% over the net asset value per Share of approximately HK\$0.081 as calculated from the unaudited equity attributable to the equity holders of the Company as at 30 June 2017 of approximately HK\$160.1 million and the total number of 1,972,452,606 issued shares of the Company as at the Latest Practicable Date; and (iv) a discount of approximately 13.27% to the closing price of HK\$0.196 per Share as quoted on the Stock Exchange on the Latest Practicable Date. The Conversion Price is subject to adjustments upon occurrence of certain “Adjustment Events” as described below.

Adjustments Events : The Conversion Price will be subject to adjustments upon the occurrence of the following events (the “**Adjustment Events**”):

- (i) an alteration of the nominal amount of the Shares by reason of consolidation, subdivision, reclassification or otherwise;
- (ii) an issue of Shares credited as fully paid to Shareholders by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve), other than Shares paid up out of profits or reserves and issued in lieu (in whole or in part) of a cash dividend, being a dividend which the Shareholders concerned would or could otherwise have received and which does not constitute a capital distribution (as such term is defined in the conditions of the Convertible Bonds);
- (iii) a capital distribution (as such term is defined in the conditions of the Convertible Bonds) to Shareholders being made by the Company;
- (iv) an issue of Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 80% of the market price of the Shares;

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- (v) an issue of Shares being made wholly for cash at a price less than 80% of the market price of the Shares;
- (vi) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for Shares, at a consideration per Share which is less than 80% of the market price of the Shares, or the conversion, exchange or subscription rights of any such securities (other than in accordance with the terms applicable thereto) are altered or modified so that the consideration per Share is less than 80% of the market price of the Shares;
- (vii) an issue of Shares for the acquisition of asset at a total effective consideration per Share which is less than 80% of the market price of the Shares; and
- (viii) an issue of any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares for the acquisition of asset at a total effective consideration initially receivable for such securities which is less than 80% of the market price of the Shares.

The adjustment mechanisms above are requested by the CB Subscribers to safeguard their legitimate economic interest by way of anti-dilutive provisions customarily found in terms of convertible securities. The 80% benchmark comparison with market price as mentioned in paragraphs (iv) to (viii) above is requested by the Company to allow for the flexibility of the Company to launch equity or convertible fund-raising or to issue consideration shares with a modest discount to market price, especially under general mandate permissible under the Listing Rules, by way of concession of the CB Subscribers. The Company considers that the 80% benchmark is fair and reasonable and was reached following arms' length negotiation between the Company and the CB Subscribers to strike a careful balance between the CB Subscribers' legitimate interest and the Company's flexibility.

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- Events of Default : If any of the following events (“**Events of Default**”) occurs, a holder of the Convertible Bonds shall be entitled to give a notice in writing to the Company to require the Company to forthwith redeem the Convertible Bonds outstanding and held by such holder at the principal amount then outstanding together with interest of 3% per annum (for HK Yinger Convertible Bonds) or 6% per annum (for Zheyin Tianqin Convertible Bonds and Investor Convertible Bonds) calculated from the date of issue of the bond up to and including the date of payment:
- (i) there is a failure by the Company to pay the principal of the Convertible Bonds or deliver the Conversion Shares pursuant to the conditions of the Convertible Bonds; or
 - (ii) the Company does not perform or comply with any one or more of its other obligations under the Convertible Bonds which default is incapable of remedy, or is not remedied within 10 days after notice requiring the same to be remedied is served by a bondholder on the Company; or
 - (iii) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or a material part of the property, assets or revenues of the Company or any of its subsidiaries; or
 - (iv) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or a material part of the assets or undertaking of the Company or any of its subsidiaries; or
 - (v) the Company or any of its significant subsidiaries is insolvent or bankrupt or unable to pay its debts as and when they fall due or proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Company or such significant subsidiary; or
 - (vi) an order is made or an effective resolution passed for winding-up or dissolution of the Company or any of its significant subsidiaries, or the Company or any of its significant subsidiaries ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation; or

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- (vii) proceedings are initiated against the Company or any of its significant subsidiaries under any applicable bankruptcy or insolvency law; or
- (viii) if the trading of the Shares on the Exchange is halted or suspended for more than five Business Days or any event occurs which may lead to the withdrawal of listing status of the Company; or
- (ix) if it shall become unlawful for the Company to perform all or any of its obligations under the Convertible Bonds or the Convertible Bonds shall for any reason cease to be in full force or effect or be declared void or illegal by any court of competent jurisdiction; or
- (x) if there are any litigation, arbitration, prosecution or other legal proceedings outstanding against the Company or any of its subsidiaries, or any litigation, arbitration, prosecution or other legal proceedings are threatened against the Company or its subsidiaries, which may have a significant financial impact on the Group or may have a material adverse effect on the operations or financial position of the Group; or
- (xi) any event of default occurs under the terms of other obligations or indebtedness (including contingent indebtedness under guarantees or indemnities) of the Company or its subsidiaries, save and except (a) indebtedness or liabilities incurred in the Group's ordinary and usual course of business whose existence or quantum is genuinely contested by the Company or its subsidiaries, or (b) indebtedness which is non-recourse or not recoverable by the alleged creditor from the general assets of the Company or its subsidiaries, or (c) the amount of alleged default is less than 5% of the net tangible assets of the Group; or
- (xii) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to above.

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Transferability : The Convertible Bonds and the Conversion Shares are transferable, subject to the compliance of the following restrictions and procedures (the “**Transfer Restrictions**”):

- (i) Between the date of issue of the Convertible Bonds and the Maturity Date, the Convertible Bonds shall not be transferable, dealt with or otherwise encumbered, save and except with the giving of prior notice to, and obtaining written consent from, the Company.
- (ii) If the Company consents to a transfer, the Convertible Bonds would then be transferable by the holder in whole amounts or multiples of units of principal amount of HK\$1,000,000 to the named transferee stipulated in the transfer notice within thirty days. Where the Company consents to any transfers of or creation of encumbrance over the Convertible Bonds prior to the Maturity Date, the transferee is deemed to have given an unconditional and irrevocable undertaking to the Company to be bound by the terms and conditions of the Convertible Bonds, including those in relation to these Transfer Restrictions on further transfers or further creation of encumbrances.
- (iii) When a holder of the Convertible Bonds exercises the conversion rights attaching to the Convertible Bonds held by him between the date of issue of the Convertible Bonds and the Maturity Date, the exercising holder is deemed to have given an unconditional and irrevocable undertaking to the Company that he will not, without first giving prior notice to and obtaining the prior written consent from the Company, whether directly or indirectly, sell, encumber or enter into any agreement to sell or encumber the Conversion Shares until the expiry of the second anniversary of the date of issue of the Convertible Bonds. All subsequent transfers or encumbrances of the Conversion Shares prior to the second anniversary of the date of issue of the Bonds are subject to the same procedures, notice and consent requirements as contained in these Transfer Restrictions. Where the Company consents to any transfers of or creation of encumbrance over such Conversion Shares, the transferee is deemed to have given an unconditional and irrevocable undertaking to the Company to be bound by the terms and conditions of the Convertible Bonds, including those in relation to these Transfer Restrictions on further transfers or further creation of encumbrances.

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Redemption : Subject to the provisions of Events of Default, the Convertible Bonds may not be redeemed by the holder before the Maturity Date.

The Convertible Bonds may be redeemed in whole or part by the Company before the Maturity Date at the redemption price which is equivalent to the principal amount of the redeemed Convertible Bonds plus interest of 3% per annum (for HK Yinger Convertible Bonds) or 6% per annum (for Zheyin Tianqin Convertible Bonds and Investor Convertible Bonds) calculated from the date of issue of the bond up to and including the date of redemption.

Voting : The Convertible Bonds shall not confer on the holders the right to vote at any general meetings of the Company.

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

Application has been made by the Company to the Stock Exchange, and the Stock Exchange has granted the approval, for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon the exercise of the conversion rights attaching to the Investor Convertible Bonds.

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

Ranking of the Conversion Shares : The Conversion Shares will, when issued and allotted, rank *pari passu* in all respects among themselves and with all other fully paid Shares in issue.

General Mandate and Specific Mandates

The Investor CB Subscription was completed on 8 February 2018. The Conversion Shares under the Investor CB Subscription will be issued under the General Mandate. No Shareholders' approval is required for the issue and allotment of the Investor Conversion Shares under the Investor CB Subscription.

The Conversion Shares under the HK Yinger CB Subscription will be issued under the HK Yinger Specific Mandate, which is subject to Independent Shareholders' approval at the EGM.

The Conversion Shares under the Zheyin Tianqin CB Subscription will be issued under the Zheyin Tianqin Specific Mandate, which is subject to Shareholders' approval at the EGM.

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REASONS FOR AND BENEFITS OF THE CB SUBSCRIPTIONS AND USE OF PROCEEDS

The Group is principally engaged in health and medical services, toys and equipment trading, beauty and wellness services, and the provision of integrated financial services comprising money-lending, securities brokerage and asset management.

The Group had been loss-making since the financial year ended 31 December 2013. As disclosed in the interim report of the Company for the six months ended 30 June 2017, the Group recorded loss attributable to owners of the Company of approximately HK\$58.2 million for the six months ended 30 June 2017, as compared to approximately HK\$46.1 million for the corresponding period in 2016. Such loss was mainly due to the high level of administrative expenses and finance costs and the provision for impairment on call options. In addition, the segments of toys and equipment trading and beauty and wellness services did not perform well.

As at 30 June 2017, the Group's current liabilities due within one year amounted to approximately HK\$130.6 million. However, its cash and cash equivalents was only HK\$19.5 million, of which approximately HK\$11 million was maintained in the two wholly-owned subsidiaries of the Group and SFC-licensed corporations, Green Securities Limited and Green Asset Management Limited, as client's deposits and for maintaining liquid capital level and would not be usable by other parts of the Group.

As disclosed in the Company's announcement dated 25 January 2018, the Company underwent significant changes in directorship and management personnel in June 2017. Since the third quarter of 2017, the new management of the Company had been conducting an internal review of the credit assessment and risk management policies of the Group's credit and investment decisions in the past, slowing down any further expansion of money lending portfolio, adopting a more conservative approach in the identification and verification process of business development, investments and acquisitions, and adopting cost-saving practices with the view of stopping losses and increasing enterprise efficiency. The new management of the Company was also conducting an internal review of the Group's receivables accrued prior to June 2017, notably including the promissory note ("**Winning Rose Promissory Note**") receivables owed by Winning Rose Capital Inc. ("**Winning Rose**") to the Company of face value of HK\$86,018,492 and carrying value of HK\$81,548,000 and the promissory note ("**Puregood Promissory Note**") receivables owed by Puregood Express Inc. ("**Puregood**") to the Company of face value of HK\$79,598,533 and carrying value of HK\$72,670,000.

The Winning Rose Promissory Note and the Puregood Promissory Note were due on 29 April 2017 and 30 June 2017, respectively. Following internal review by the Company's new management, demand letters were sent by the Company to Winning Rose and Puregood since the third quarter of 2017 stating the Group's position that they have defaulted their contractual obligations under the Winning Rose Promissory Note and the Puregood Promissory Note (the "**Counterparties Defaults**") and demanding their immediate repayment. However, despite repeated demands, Winning Rose and Puregood did not make any repayment to the Group up to the Latest Practicable Date. It is therefore uncertain as to whether the Company should be able to apply the repayment proceeds from the Winning Rose Promissory Note and the

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Puregood Promissory Note for the satisfaction of the Company's repayment obligations when they fall due in the next few months, most notably including the Zheyin Tianqin 2017 CB in the principal amount of HK\$25 million due on 3 March 2018, convertible bonds in the principal amount of HK\$29 million maturing on 6 March 2018 ("**March 2015 CB**") as disclosed in the Company's announcement dated 8 March 2015, the First HK Yinger Loan in the principal amount of HK\$60 million which starts to fall due in June 2018 and the Second HK Yinger Loan in the principal amount of HK\$60 million which starts to fall due in April 2018.

Under the leadership of the new management from June 2017 onwards, the Group has been proactively seeking to improve its financial position. On 14 June 2017, the Company obtained the First HK Yinger Loan in the principal amount of HK\$60 million from HK Yinger, a company which is wholly-owned by Mr. Yu. The First HK Yinger Loan was utilized as to approximately HK\$41 million for the settlement of a loan which was due for repayment and as to the remaining HK\$19 million for the Group's general expenses (including staff costs, rental expenses, finance costs and professional fees) which were fully utilized in around late September 2017.

On 3 October 2017, the Company obtained the Second HK Yinger Loan in the principal amount of HK\$60 million from HK Yinger. The Second HK Yinger Loan was utilized or set aside as to approximately HK\$10 million for the Group's general expenses (including staff costs, rental expenses, finance costs and professional fees) accrued and accruing between October 2017 and January 2018, HK\$25 million for repayments of debt due or past due and approximately HK\$25 million for the cash consideration payable under the Charm Eastern Acquisition.

Under the leadership of the new management from June 2017 onwards, the Group has been proactively seeking to explore business opportunities which are consistent with the existing principal activities of the Group and the business strategies of the Group formulated by the new management from time to time. As disclosed in the Company's announcement dated 28 November 2017, the Company entered into the sale and purchase agreement regarding the acquisition of Charm Eastern Limited on 28 November 2017. The Directors consider that the Charm Eastern Acquisition (a) represents a good opportunity for the Group to leverage on its established experience and expertise in health, fitness and beauty industry and to diversify into medical service sector which has a higher entry barrier in terms of investment size and license requirement; and (b) is expected to broaden the income stream and to contribute to the Group's revenue in the long run. As disclosed in the Company's announcement dated 31 January 2018, the Charm Eastern Acquisition was completed on 31 January 2018.

The Directors are of the view that the CB Subscriptions offer a good opportunity for the Group (i) to raise a considerable amount of fund for a longer period to strengthen the financial position of the Group; (ii) to ease the liquidity pressure of the Group caused by the combined effect of the Counterparties Default, the imminent due dates of the Zheyin Tianqin 2017 CB on 3 March 2018 and the March 2015 CB on 6 March 2018, the First HK Yinger Loan in June 2018 and the Second HK Yinger Loan in April 2018; (iii) to enable the Group to repay its other debts when they fall due; (iv) to finance the remaining cash consideration for the

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completion of the Charm Eastern Acquisition; and (v) to generally replenish the Company's working capital to enable the Group to identify suitable investment or growth opportunities with the view to generate positive cash flow and strengthen its financial position in the long run.

The terms of the CB Subscription Agreements and the Convertible Bonds (including the Conversion Price and the interest rate) were determined based on arm's length negotiations between the Company and the CB Subscribers with reference to the prevailing market price of the Shares as quoted on the Stock Exchange and market interest rates of unsecured loans. Notwithstanding the potential dilution effect which may arise from the conversion of the Convertible Bonds, having considered that (i) the CB Subscriptions offer a good opportunity for the Company to raise a significant amount of additional funding to improve the financial position of the Group; and (ii) the terms of the CB Subscription Agreements and the Convertible Bonds (including the Conversion Price and the interest rate) are fair and reasonable, the Directors (including the independent non-executive Directors) are of the view that the Zheyin Tianqin CB Subscription and the Investor CB Subscription are in the interests of the Company and the Shareholders as a whole.

Pursuant to the CB Subscription Agreements, the holders of the Convertible Bonds shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at the initial Conversion Price of HK\$0.17 per Conversion Share at any time during the Conversion Period (i.e. the period commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date). As mentioned in the sub-paragraph headed "Automatic conversion of HK Yinger Convertible Bonds" under the paragraph headed "the HK Yinger CB Subscription", unless the Company is required to redeem the HK Yinger Convertible Bonds pursuant to their terms as a result of the serving of default notice by the holder of the bonds upon the occurrence of an Event of Default, or redeemed pursuant to the exercise of the Company's early redemption, or it becomes necessary for the Company to redeem all or part of the HK Yinger Convertible Bonds on the Maturity Date as conversion is prohibited by the Conversion Restrictions, the HK Yinger Convertible Bonds are automatically converted into Conversion Shares on the Maturity Date. Such automatic conversion clause is not applied to the Zheyin Tianqin CB Subscription Agreement and the Investor CB Subscription Agreement. Having considered the facts that (i) pursuant to the CB Subscription Agreements, the holders of the Convertible Bonds (including HK Yinger) shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at any time during the Conversion Period, whereas the outstanding HK Yinger Convertible Bonds shall automatically be converted into Conversion Shares on the Maturity Date; and (ii) the automatic conversion clause of the HK Yinger CB Subscription Agreement does not confer extra power or right to HK Yinger, the Directors are of the view that the conversion terms of the CB Subscription Agreements are fair and reasonable.

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Before resolving to the CB Subscriptions, the Company has considered other fund raising alternatives, such as debt financing and equity financing. In respect of debt financing, the Company had approached three licensed banks in Hong Kong to explore the possibility of obtaining loans or credit facilities in the size of HK\$150 million to HK\$200 million, and the Company was given to understand that applications for loans or credit facilities will only be considered if the Company can provide real estate property to fortify the loan. As the Company could not provide collateral acceptable to the banks, none of the banks gave positive feedback to the Company. In addition, the Company had approached two licensed money-lenders in Hong Kong to explore loan opportunities. Since the Company would not be able to provide any real property asset collateral, indicative proposals were discussed with these money-lenders but with much higher interest rate (in the range of 15–20% per annum) as compared to the range of interest rate of 3% per annum for the HK Yinger Convertible Bonds and 6% per annum for the Zheyin Tianqin Convertible Bonds and the Investor Convertible Bonds. In addition, the term of maturity proposed by these money-lenders of 3 to 18 months are shorter than the two-year maturity term of the Convertible Bonds. In respect of equity financing (such as placing and subscription of new shares, rights issue and open offer), the Company has approached three independent financial institutions to explore the possibility of acting as placing agent or underwriter of the Company. Given the loss-making position of the Group since the financial year ended 31 December 2013 and the poor share price performance and poor trading liquidity of the Shares, it is difficult for the financial institutions to attract investors to participate in the equity financing to enable the Company to raise sufficient fund without adopting a substantial discount of the subscription price as compared to the then-prevailing market price of the Shares. In addition, the result of best-effort placing conducted by financial institutions would be less certain than direct subscriptions by identified interested subscribers. In comparison, the issue of the Convertible Bonds (i) would incur lower interest and finance costs to the Group as compared to debt financing; and (ii) would not incur an immediate dilution effect on the shareholding of the existing Shareholders. In view of the above, the Directors consider that the issue of the Convertible Bonds is the most feasible and suitable fundraising method to the Company.

Having considered the factors mentioned above, the Directors (including the independent non-executive Directors whose recommendation are now contained in this circular, after considering the advice from the Independent Financial Adviser) are of the view that the terms of the HK Yinger CB Subscription are fair and reasonable and that the HK Yinger CB Subscription is in the interests of the Company and the Shareholders as a whole. Mr. Yu, Ms. Yu Jiaoli and Mr. Chen Hanhong have abstained from voting on the HK Yinger CB Subscription at the Board level due to Mr. Yu's material interest in the HK Yinger CB Subscription, Ms. Yu's family relationship with Mr. Yu and Mr. Chen's directorship in HK Yinger.

The gross and net proceeds from the CB Subscriptions are expected to be approximately HK\$207.2 million and HK\$204.1 million, respectively. The net issue price of the Conversion Shares (after deducting costs expected to be incurred in the CB Subscriptions) is estimated to be approximately HK\$0.16746 per Conversion Share. It is intended that the net proceeds of the HK Yinger CB Subscription in the amount of approximately HK\$118.2 million will be used by the Company for the repayment and set-off of the principal of the First and Second HK Yinger Loans. It is intended that the net proceeds of the Zheyin Tianqin CB Subscription

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in the amount of approximately HK\$59.1 million will be used by the Company as to HK\$9 million for financing the remaining cash consideration for the completion of the Charm Eastern Acquisition, HK\$29 million for the repayment of March 2015 CB (unless they are converted under the terms thereof), approximately HK\$5 million for the settlement of the remaining principal and interest on the First and Second HK Yinger Loans and approximately HK\$16.1 million for settlement of the Group's other debts as they fall due and/or general working capital. If the March 2015 CB are converted by their holders in full on maturity on 6 March 2018, the HK\$29 million proceeds as mentioned above are intended to be applied for settlement of the Group's other debts. It is intended that the net proceeds of the Investor CB Subscription in the amount of approximately HK\$26.8 million will be used by the Company for settlement of 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.

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EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising exercises in the past twelve months immediately preceding the Latest Practicable Date:

| Date of announcement | Equity fund raising exercise | Net proceeds raised (approximately) | Intended use of proceeds | Actual use of proceeds |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 26 January 2018 | Subscription of the Investor Convertible Bonds by the Investor under the General Mandate, which was completed on 8 February 2018. | HK\$26,800,000 | For settlement of 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. | Not yet utilized |
| 13 February 2017 | Subscription of the convertible bonds by Zheyin Tianqin under general mandate, which was completed on 3 March 2017. | HK\$25,000,000 | As working capital and for business development of the Group. | Fully utilized as intended, including (a) approximately HK\$8.5 million for cash injection into the Group's health club business in China to support its ongoing operations; (b) approximately HK\$9 million for legal and professional fees; (c) approximately HK\$5 million for salaries and wages of the Group's management and staff; and (d) approximately HK\$2.5 million for rental payment and other overhead and expenses. |

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CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structures of the Company (i) as at the Latest Practicable Date; (ii) immediately after the issue of the Investor Conversion Shares upon full exercise of conversion rights attaching to the Investor Convertible Bonds but assuming no other convertible securities of the Company are to be converted; (iii) immediately after the issue of the HK Yinger Conversion Shares upon full exercise of conversion rights attaching to the HK Yinger Convertible Bonds but assuming no other convertible securities of the Company are to be converted; (iv) immediately after the issue of the conversion shares upon full exercise of conversion rights attaching to the Zheyin Tianqin Convertible Bonds and the Zheyin Tianqin 2017 CB but assuming no other convertible securities of the Company are to be converted; and (v) immediately after the issue of the conversion shares upon full exercise of conversion rights attaching to all convertible securities of the Company, including the Convertible Bonds and all the Other CB Series (as defined below), in each case assuming there is no other change in the issued share capital of the Company between the Latest Practicable Date and the full conversion of the relevant convertible bonds, for illustration purposes only:

| | As at the Latest Practicable Date | | Immediately after the issue of the Investor Conversion Shares upon full exercise of conversion rights attaching to the Investor Convertible Bonds (but assuming no other convertible securities of the Company are to be converted) | | Immediately after the issue of the HK Yinger Conversion Shares upon full exercise of conversion rights attaching to the HK Yinger Convertible Bonds (but assuming no other convertible securities of the Company are to be converted) | | Immediately after the issue of the conversion shares upon full exercise of conversion rights attaching to the Zheyin Tianqin 2017 CB and the Zheyin Tianqin Convertible Bonds (but assuming no other convertible securities of the Company are to be converted) | | Immediately after the issue of the conversion shares upon full exercise of conversion rights attaching to all convertible securities of the Company, including the Convertible Bonds and all the other CB Series | |
|----------------------------|-----------------------------------|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| | Shares | % | Shares | % | Shares | % | Shares | % | Shares | % |
| Gold Bless | 987,697,627 | 50.07 | 987,697,627 | 46.32 | 987,697,627 | 36.88 | 987,697,627 | 40.31 | 987,697,627 | 25.26 |
| HK Yinger | — | — | — | — | 705,882,352 | 26.36 | — | — | 705,882,352 | 18.05 |
| Zheyin Tianqin | | | | | | | | | | |
| — 2017 CB | — | — | — | — | — | — | 125,000,000 | 5.10 | 125,000,000 | 3.20 |
| — Convertible Bonds | | | | | | | | | | |
| — 2018 | — | — | — | — | — | — | 352,941,176 | 14.40 | 352,941,176 | 9.03 |
| Mr. Liu Dong (Note 1) | 91,460,000 | 4.64 | 91,460,000 | 4.29 | 91,460,000 | 3.41 | 91,460,000 | 3.73 | 91,460,000 | 2.34 |
| Smoothly Good (Note 2) | — | — | 160,000,000 | 7.50 | — | — | — | — | 160,000,000 | 4.09 |
| Public Shareholders | | | | | | | | | | |
| Other CB Series (Note 3) | | | | | | | | | | |
| — 2nd and 3rd Tai Cheng CB | — | — | — | — | — | — | — | — | 14,891,167 | 0.38 |
| — March 2015 CB | — | — | — | — | — | — | — | — | 87,878,787 | 2.25 |
| — 1st and 2nd Marsa CB | — | — | — | — | — | — | — | — | 217,000,000 | 5.55 |
| — Qianhai 2016 CB | — | — | — | — | — | — | — | — | 40,000,000 | 1.02 |
| — Ample Reach CBs | — | — | — | — | — | — | — | — | 234,375,000 | 5.99 |
| Other Public Shareholders | 893,294,979 | 45.29 | 893,294,979 | 41.89 | 893,294,979 | 33.35 | 893,294,979 | 36.46 | 893,294,979 | 22.84 |
| Subtotal | 893,294,979 | 45.29 | 893,294,979 | 41.89 | 893,294,979 | 33.35 | 893,294,979 | 36.46 | 1,487,439,933 | 38.03 |
| | <u>1,972,452,606</u> | <u>100.00</u> | <u>2,132,452,606</u> | <u>100.00</u> | <u>2,678,334,958</u> | <u>100.00</u> | <u>2,450,393,782</u> | <u>100.00</u> | <u>3,910,421,088</u> | <u>100.00</u> |

LETTER FROM THE BOARD

Notes:

1. This represents the 91,460,000 Shares beneficially owned by the Investor (i.e. Mr. Liu Dong) prior to his subscription of the Investor Convertible Bonds.
2. This represents the 160,000,000 Shares issuable upon the full conversion of the Investor Convertible Bonds currently held by Smoothly Good Investment Development Limited (“**Smoothly Good**”) (a controlled corporation which is wholly owned by Mr. Liu Dong) upon completion of the Investor CB Subscription on 8 February 2018.
3. Apart from the Convertible Bonds (comprising the Investor Convertible Bonds, the HK Yinger Convertible Bonds and the Zheyin Tianqin Convertible Bonds) and the Zheyin Tianqin 2017 CB, the Company also has the following other convertible securities outstanding as at the Latest Practicable Date (the “**Other CB Series**”):
 - (a) “2nd Tai Cheng CB” in the principal amount of HK\$5,628,138 carrying conversion right to convert into 13,727,165 Shares at the conversion price of HK\$0.41 per Share (after adjustment) maturing on 13 October 2017 and “3rd Tai Cheng CB” in the principal amount of HK\$477,241 carrying conversion right to convert into 1,164,002 Shares at the conversion price of HK\$0.41 per Share (after adjustment) maturing on 8 September 2018;
 - (b) “March 2015 CB” in the principal amount of HK\$29,000,000 carrying conversion right to convert into 87,878,787 Shares at the conversion price of HK\$0.33 per Share maturing on 6 March 2018;
 - (c) “1st Marsa CB” in the principal amount of HK\$54,250,000 carrying conversion right to convert into 108,500,000 Shares at the conversion price of HK\$0.50 per Share maturing on 20 May 2018 and “2nd Marsa CB” in the principal amount of HK\$54,250,000 carrying conversion right to convert into 108,500,000 Shares at the conversion price of HK\$0.50 per Share maturing on 20 May 2019, of which principal amounts of HK\$33,900,000 and HK\$37,311,555 are liable to be redeemed and cancelled by the Company due to the failure to meet the profit guarantees for 2015 and 2016, respectively;
 - (d) “Qianhai 2016 CB” in the principal amount of HK\$12,000,000 carrying conversion right to convert into 40,000,000 Shares at the conversion price of HK\$0.30 per Share maturing on 15 April 2019; and
 - (e) The Ample Reach CBs were issued to Ample Reach Limited, the vendor of the Charm Eastern Acquisition which was completed on 31 January 2018 and was of total principal amount of HK\$41,015,625 carrying conversion right to convert into 234,375,000 Shares at the conversion price of HK\$0.175 per Share. The Ample Reach CBs are divided into three tranches of principal amount of HK\$13,671,875 each, respectively maturing on 30 September 2018, 30 April 2019 and 30 September 2019.

Further details of the Other CB Series are set out in Note 16 to the interim report of the Company for the six months ended 30 June 2017 and the “Monthly Return of Equity Issuer on Movements in Securities” as published from time to time by the Company on the website of the Stock Exchange. The repayment obligations and conversion rights relating to the convertible bonds above are subject to the terms of issue of the relevant bonds. Therefore, the principal amount and conversion terms set out above are merely for illustration purpose only and should not be regarded as the admission of liability of the Company.

LETTER FROM THE BOARD

PROPOSED INCREASE IN AUTHORIZED SHARE CAPITAL

The current authorized share capital of the Company was HK\$40,000,000.00 divided into 4,000,000,000 Shares of HK\$0.01 each, of which 1,972,452,606 Shares were in issue and 2,027,547,394 Shares were authorized but unissued as at the Latest Practicable Date. In order to cater for the possible issue of 125,000,000 Shares upon the possible exercise of conversion right attaching to Zheyin Tianqin 2017 CB and the possible issue of 1,218,823,528 Shares upon the possible full exercise of the Convertible Bonds and to provide the Company with flexibility for fund raising by allotting and issuing new Shares in the future as and when appropriate, the Board proposes to increase the authorized share capital of the Company from HK\$40,000,000.00 divided into 4,000,000,000 Shares to HK\$200,000,000.00 divided into 20,000,000,000 Shares by the creation of additional 16,000,000,000 Shares, which will rank *pari passu* in all respects with each other.

The Increase in Authorized Share Capital is subject to the passing of an ordinary resolution of Shareholders approving the Increase in Authorized Share Capital at the EGM.

IMPLICATIONS UNDER LISTING RULES

As at the Latest Practicable Date, Gold Bless was interested in 987,697,627 Shares, representing approximately 50.07% of the issued share capital of the Company. Mr. Yu was an executive Director, the chairman of the Board and owned at least 35% of Gold Bless. Mr. Yu is regarded as a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the HK Yinger CB Subscription Agreement constitutes a connected transaction for the Company under the Chapter 14A of the Listing Rules and is subject to the announcement, reporting and Independent Shareholders' approval requirements pursuant to the Listing Rules.

The Conversion Shares under the HK Yinger CB Subscription will be issued under the HK Yinger Specific Mandate, which is subject to Independent Shareholders' approval at the EGM. The Conversion Shares under the Zheyin Tianqin CB Subscription will be issued under the Zheyin Tianqin Specific Mandate, which is subject to Shareholders' approval at the EGM.

EGM

The EGM will be held for the purposes of considering and, if thought fit, approving the HK Yinger CB Subscription Agreement and the Zheyin Tianqin CB Subscription Agreement and the transactions contemplated thereunder, the grant of the HK Yinger Specific Mandate and the Zheyin Tianqin Specific Mandate, and the Increase in Authorized Share Capital.

As at the Latest Practicable Date, (i) Gold Bless was interested in 987,697,627 Shares (the "**Gold Bless Abstaining Shares**"), representing approximately 50.07% of the issued share capital of the Company; and (ii) save as disclosed above and the HK Yinger Convertible Bonds subscribed under the HK Yinger CB Subscription Agreement, neither Mr. Yu nor HK Yinger was interested in any other Shares or underlying Shares. In accordance with the Listing Rules, Mr. Yu and his associates, including Gold Bless and HK Yinger, will be required to abstain from voting on the resolution(s) in respect of the HK Yinger CB Subscription at the EGM. Pursuant to the order granted by the High Court of Hong Kong,

LETTER FROM THE BOARD

Mr. Yang and Gold Bless have undertaken to Mr. Yu that they cannot exercise the voting rights in Gold Bless and 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. Since the Gold Bless Litigation is still at preliminary stage, 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 Mr. Yang or 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 HK Yinger CB 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 casted at the EGM in contravention of the Listing Rules requirement for Gold Bless to abstain from voting in respect of the HK Yinger CB Subscription at the EGM.

As at the Latest Practicable Date, (i) Zheyin Tianqin was interested in the Zheyin Tianqin 2017 CB in the principal amount of HK\$25,000,000 which upon full conversion may convert into 125,000,000 Shares (the "**Zheyin Tianqin Abstaining Shares**") on maturity on 3 March 2018, representing approximately 5.96% of the issued share capital of the Company as enlarged by such conversion; and (ii) save as disclosed above and the Zheyin Tianqin Convertible Bonds subscribed under the Zheyin Tianqin CB Subscription Agreement, neither Mr. Xia nor Zheyin Tianqin was interested in any other Shares or underlying Shares. In accordance with the Listing Rules, Mr. Xia and his associates, including Zheyin Tianqin, will be required to abstain from voting on the resolution(s) in respect of the Zheyin Tianqin CB Subscription at the EGM. Mr. Xia and Zheyin Tianqin are entitled to exercise control over the voting right of the Zheyin Tianqin Abstaining Shares.

WARNING

SHAREHOLDERS AND/OR POTENTIAL INVESTORS OF THE COMPANY SHOULD NOTE THAT COMPLETION OF THE HK YINGER CB SUBSCRIPTION AGREEMENT AND THE ZHEYIN TIANQIN CB SUBSCRIPTION AGREEMENT ARE RESPECTIVELY CONDITIONAL UPON THE SATISFACTION OF THE CONDITIONS PRECEDENT TO THE HK YINGER CB SUBSCRIPTION AGREEMENT AND THE ZHEYIN TIANQIN CB SUBSCRIPTION AGREEMENT WHICH ARE SET OUT IN THE LETTER FROM THE BOARD OF THIS CIRCULAR. ACCORDINGLY, THE HK YINGER CB SUBSCRIPTION AND THE ZHEYIN TIANQIN CB SUBSCRIPTION MAY OR MAY NOT PROCEED. SHAREHOLDERS AND/OR POTENTIAL INVESTORS OF THE COMPANY SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY. PERSONS WHO ARE IN DOUBT AS TO THE ACTION THEY SHOULD TAKE SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

RECOMMENDATION

The Directors (including the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) consider that the terms of the HK Yinger CB Subscription Agreement and the HK Yinger Convertible Bonds (including the Conversion

LETTER FROM THE BOARD

Price and the interest rate) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote for the resolutions to approve the HK Yinger CB Subscription Agreement and the grant of the HK Yinger Specific Mandate. You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser before deciding how to vote on the resolution(s) relating to the HK Yinger CB Subscription Agreement and the grant of the HK Yinger Specific Mandate to be proposed at the EGM.

The Directors consider that the terms of the Zheyin Tianqin CB Subscription Agreement and the Zheyin Tianqin Convertible Bonds (including the Conversion Price and the interest rate) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote for the resolution(s) to approve the Zheyin Tianqin CB Subscription Agreement and the grant of the Zheyin Tianqin Specific Mandate at the EGM.

The Directors consider that the Increase in Authorized Share Capital is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote for the resolution(s) to approve the Increase in Authorized Share Capital at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular and the notice convening the EGM.

Yours faithfully
By order of the Board
Green International Holdings Limited
Zeng Xiang Di
Chief Executive Officer



GREEN INTERNATIONAL

Holdings Limited

格林國際控股有限公司

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)

28 February 2018

To the Independent Shareholders

Dear Sir or Madam,

**SUBSCRIPTION OF CONVERTIBLE BONDS:
BY HK YINGER UNDER HK YINGER SPECIFIC MANDATE
CONSTITUTING A CONNECTED TRANSACTION**

We have been appointed to form an independent board committee to consider and advise you on the to the terms of the HK Yinger CB Subscription Agreement and the HK Yinger Specific Mandate, details of which are set out in the circular issued by the Company to the Shareholders dated 28 February 2018 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and the letter of advice from the Independent Financial Adviser set out on pages 6 to 30 and pages 33 to 56 of the Circular, respectively, and the additional information set out in the appendix to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the HK Yinger CB Subscription Agreement and having taken into consideration of the advice of the Independent Financial Adviser, in relation thereto as set out on pages 33 to 56 of the Circular, we concur with the view of the Independent Financial Adviser and consider that although the HK Yinger CB Subscription is not in the ordinary and usual course of business of the Company, the terms of the HK Yinger CB Subscription Agreement are on normal commercial terms and the HK Yinger CB Subscription and the grant of the HK Yinger Specific Mandate are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the HK Yinger CB Subscription Agreement and the transactions contemplated thereunder and the grant of the HK Yinger Specific Mandate.

Yours faithfully,
For and on behalf of the Independent Board Committee

Mr. Wu Hong
*Independent
non-executive
Director*

Mr. David Tsoi
*Independent
non-executive
Director*

Mr. Wang Chunlin
*Independent
non-executive
Director*

Ms. Sun Zhili
*Independent
non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Independent Financial Adviser setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the HK Yinger CB Subscription Agreement and the transactions contemplated thereunder and the HK Yinger Specific Mandate, which has been prepared for the purpose of inclusion in this circular.



紅日資本有限公司
RED SUN CAPITAL LIMITED

28 February 2018

To: The Independent Board Committee and the Independent Shareholders of Green International Holdings Limited

Dear Sirs,

CONNECTED TRANSACTION IN RELATION THE HK YINGER CB SUBSCRIPTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the HK Yinger CB Subscription Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 28 February 2018 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 26 January 2018 (after trading hours), the Company and HK Yinger entered into the HK Yinger CB Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the HK Yinger have conditionally agreed to subscribe for the HK Yinger Convertible Bonds in an aggregate principal amount of HK\$120,000,000. Completion of the HK Yinger CB Subscription Agreement is subject to the satisfactory completion of the conditions precedent to the HK Yinger CB Subscription Agreement. The initial Conversion Price is HK\$0.17 per Conversion Share, and the HK Yinger Convertible Bonds will carry an interest of 3.0% per annum. The HK Yinger Convertible Bonds will mature on the second anniversary of the date of issue of the Convertible Bonds.

Given that Mr. Yu is regarded as a connected person of the Company, the entering into of the HK Yinger CB Subscription Agreement constitutes a connected transaction for the Company under the Listing Rules and is subject to the announcement, reporting and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors, namely, Mr. Wu Hong, Mr. David Tsoi, Mr. Wang Chunlin and Ms. Sun Zhili, has been formed to advise the Independent Shareholders on the HK Yinger CB Subscription Agreement. All members of the Independent Board Committee have confirmed to the Company that they are independent with respect to the HK Yinger CB Subscription and are thus suitable to give advice and recommendation to the Independent Shareholders.

We, Red Sun Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard and to give our opinion in relation to the HK Yinger CB Subscription Agreement for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have not acted as the independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company for any transaction.

Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the representations made to us by the Directors and the management of the Company (the "**Management**"). We have assumed that all statements, information and representations provided by the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been reasonably arrived at after due and careful consideration and there are no other material facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

misleading. We consider that we have performed all necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion.

We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Group and their respective associates.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the HK Yinger CB Subscription Agreement, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the HK Yinger CB Subscription Agreement and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Background and financial information of the Group

The Group is principally engaged in health and medical services, toys and equipment trading, beauty and wellness services, and the provision of integrated financial services comprising money-lending, securities brokerage and asset management. Set out below is the key financial results of the Group for the year ended 31 December 2016 and for the six months ended 30 June 2017 as extracted from the annual report of the Company for the year ended 31 December 2016 (the “**2016 Annual Report**”) and the interim report of the Company for the six months ended 30 June 2017 (the “**2017 Interim Report**”) respectively:

| | For the six months ended 30 June | | | For the year ended 31 December | | |
|------------------------------|-------------------------------------|-------------------------|--------|-----------------------------------|-----------------------|--------|
| | 2017 | 2016 | Change | 2016 | 2015 | Change |
| | HK\$'000 (unaudited) | HK\$'000 (unaudited) | % | HK\$'000 (audited) | HK\$'000 (audited) | % |
| Revenue | 22,233 | 21,093 | 5.4 | 46,960 | 45,620 | 2.9 |
| Gross profit | 17,278 | 15,777 | 9.5 | 38,147 | 27,025 | 41.2 |
| Loss for the year/ period | (58,167) | (46,288) | 25.7 | (132,943) | (208,851) | (36.3) |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| | As at 30 June | | As at 31 December | | |
|---------------------------|--------------------|--------|-------------------|------------------|--------|
| | 2017 | Change | 2016 | 2015 | Change |
| | HK\$'000 | % | HK\$'000 | HK\$'000 | % |
| | <i>(unaudited)</i> | | <i>(audited)</i> | <i>(audited)</i> | |
| Net current assets | 109,625 | (26.0) | 148,131 | 196,249 | (24.5) |
| Total equity | 168,132 | (24.0) | 221,225 | 347,999 | (36.4) |
| Cash and cash equivalents | 19,538 | (20.3) | 24,514 | 53,129 | (53.9) |

The Group recorded audited consolidated revenue of approximately HK\$47.0 million for the year ended 31 December 2016, representing a slight increase of approximately 2.9% from 2015. According to the 2016 Annual Report, although the overall revenue in 2016 was basically same with that in 2015, the contribution from the toys business segment has decreased, which was mainly due to reallocation of resources by the Board from the toys business segment. The gross profit margin of the Group increased to approximately 81.2% for the year ended 31 December 2016 as compared to approximately 59.2% in the corresponding period in 2015. Such increase in the gross profit margin was mainly attributable to the higher gross profit margin from clubhouse business and the beauty and wellness business, and decrease in contribution from the toys segment, which has a lower gross profit margin.

The Group recorded a significant decrease in net loss to approximately HK\$132.9 million for year ended 31 December 2016 (as compared to approximately HK\$208.9 million for the year ended 31 December 2015). Such decrease in net loss was mainly attributable to the re-allocation of resources by the Board from the toys business segment to other prospective businesses, among others, healthcare, beauty and wellness, hence less costs incurred and lead to a turnaround from a loss of approximately HK\$16.7 million in 2015 to a profit of approximately HK\$0.7 million in 2016.

As disclosed in the 2017 Interim Report, the Group recorded unaudited consolidated revenue of approximately HK\$22.2 million for the six months ended 30 June 2017 (as compared to approximately HK\$21.1 million for the six months ended 30 June 2016), representing a slight increase of approximately 5.4%. The increase in revenue was mainly attributable to the increased revenue of the beauty and wellness business segment. The gross profit margin of the Group also increased to approximately 77.7% for the six months ended 30 June 2017 from approximately 74.8% for the six months ended 30 June 2016. The increase in gross profit margin of the Group was mainly attributable to the higher gross profit margin from the beauty and wellness business segments, and the decrease in contribution from the trading business segment having a lower gross profit margin.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group recorded a significant increase in net loss which amounted to approximately HK\$58.2 million for the six months ended 30 June 2017 (as compared to approximately HK\$46.3 million for the six months ended 30 June 2016). Such increase in net loss was mainly due to the high level of administrative expenses and finance costs and the provision for impairment on call options. In addition, the segments of toys and equipment trading and beauty and wellness services did not perform well.

As at 30 June 2017, the Group recorded net current assets of approximately HK\$109.6 million (as compared to approximately HK\$148.1 million as at 31 December 2016) and cash and cash equivalents of approximately HK\$19.5 million (as compared to approximately HK\$24.5 million as at 31 December 2016). We are given to understand that the Company had approached for three licensed banks in Hong Kong to explore for the possibility of obtaining loans or credit facilities in the size of HK\$150 to HK\$200 million, and the Company was given to understand that applications for loans or credit facilities will only be considered if the Company can provide real estate property to fortify the loan thus it is unlikely for the Group to obtain any bank financing without the pledge of assets acceptable to the banks.

The Company has conducted the following equity fund raising exercises in the past twelve months immediately preceding the Latest Practicable Date:

| Date of announcement | Equity fund raising exercise | Net proceeds raised (approximately) | Intended use of proceeds | Actual use of proceeds |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 26 January 2018 | Subscription of the Investor Convertible Bonds by the Investor under the General Mandate, which was completed on 8 February 2018. | HK\$26,800,000 | For settlement of 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. | Not yet utilized |
| 13 February 2017 | Subscription of the convertible bonds by Zheyin Tianqin under general mandate, which was completed on 3 March 2017. | HK\$25,000,000 | As working capital and for business development of the Group | Fully utilized as intended, including (a) approximately HK\$8.5 million for cash injection into the Group's health club business in China to support its ongoing operations; (b) approximately HK\$9 million for legal and professional fees; (c) approximately HK\$5 million for salaries and wages of the Group's management and staff; and (d) approximately HK\$2.5 million for rental payment and other overhead and expenses. |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We note that although the Company has successfully raised from the Subscription of the convertible bonds by Zheyin Tianqin under general mandate with net proceeds of approximately HK\$25 million, those net proceeds have already been utilised for cash injection into the Group's health club business in China, legal and professional fees and general working capital as disclosed in the Announcement.

2. Reasons for and benefits of the CB Subscription (including the HK Yinger CB Subscription) and use of proceeds

As advised by the Management, we understand that the Group has been proactively seeking to improve its financial position. As at 30 June 2017, the Group's current liabilities due within one year amounted to approximately HK\$130.6 million. However, its cash and cash equivalents was only approximately HK\$19.5 million, of which approximately HK\$11 million was maintained in the two wholly-owned subsidiaries of the Group and SFC-licensed corporations, Green Securities Limited and Green Asset Management Limited, as client's deposits and for maintaining liquid capital level and would not be usable by other parts of the Group. On 14 June 2017, the Company obtained the First HK Yinger Loan in the principal amount of HK\$60 million from HK Yinger. The First HK Yinger Loan was fully utilized in around late September 2017 for loan repayment and Group's general expenses. On 3 October 2017, the Company obtained the Second HK Yinger Loan in the principal amount of HK\$60 million from HK Yinger which was utilized or set aside as to the Group's general expenses accrued and accruing between October 2017 and January 2018, repayments of debt and cash consideration payable under the Charm Eastern Acquisition.

As disclosed in the Company's announcement dated 25 January 2018, the new management of the Group was conducting an internal review of the Group's receivable accrued prior to June 2017, notably including the receivables of Winning Rose Promissory Note and Puregood Promissory Note, which were due on 29 April 2017 and with the total carrying value of HK\$154,218,000 in total, for further details please refer to the announcement dated 25 January 2018 and section headed "Reasons for and benefits of the CB Subscriptions and use of proceeds" in Letter from the Board. As further disclosed in the Letter from the Board, Winning Rose and Puregood did not make any repayment to the Group up to the Latest Practicable Date. It is therefore uncertain whether the Company should be able to apply the repayment proceeds from the Winning Rose Promissory Note and Puregood Promissory Note for satisfying the Company's repayment obligations to be fall due in the next few months as set out below:

- (i) March 2015 CB maturing in March 2018 (HK\$29 million)
- (ii) First HK Yinger Loan which starts to fall due in June 2018 (HK\$60 million)
- (iii) Second HK Yinger Loan which starts to fall due in April 2018 (HK\$60 million)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account that (i) the Group had been loss making since the financial year ended 31 December 2013 and despite the cost-saving efforts of the Company, the Directors cannot predict the timing of the profit turnaround of the Group's business; (ii) the high level of administrative expenses and finance costs of the Group; (iii) the Company's repayment obligations to be falling due in the next few months of at least HK\$149 million; (iv) the cash position of the Company of approximately HK\$8.5 million as at 30 June 2017 (by excluding approximately HK\$11 million which was maintained in the two wholly owned subsidiaries of the Group as client's deposits and for maintaining liquid capital level that would not be usable by other parts of the Group as discussed above); and (v) the Group may not be able to apply for large amount of securing bank loans based on the limited amount of assets, we concur with the view of the Directors that (a) it is critical for the Company's survival to maintain sufficient cash flow to satisfy its repayment obligations for the debts falling due in at least the next few months; (b) the possible conversion of the Zheyin Tianqin 2017 CB (if the subscription of Zheyin Tianqin Convertible Bonds is completed before 3 March 2018) would relieve the Company from repaying its principal sum of HK\$25 million and the interest expense of HK\$2 million; (c) the possible automatic conversion of the HK Yinger Convertible Bonds would relieve the Company from repaying its principal sum of HK\$120 million and the interest expense of HK\$7.2 million; (d) the potential dilution caused to the public shareholders of the Company as a result of the conversion of the Convertible Bonds is outweighed by the benefit conferred to the Company and its shareholders as explained in points (a), (b) and (c) above; and (e) the CB Subscriptions (which the HK Yinger CB Subscription forms part) offer a good opportunity for the Group to ease the liquidity pressure, and is therefore in the interests of the Company and the Shareholders as a whole.

As stated in the Letter from the Board, the gross proceeds and the net proceeds from the CB Subscriptions are estimated to be approximately HK\$207.2 million (in which HK\$120.0 million will be attributable to the HK Yinger CB Subscription) and HK\$204.1 million, respectively. The Company intends to apply the net proceeds as follows:

- (i) approximately HK\$118.2 million for the repayment and set-off of the principal of the First and Second HK Yinger Loans;
- (ii) approximately HK\$9 million for financing the remaining cash consideration of the completion of the Charm Eastern Acquisition;
- (iii) approximately HK\$29 million for the repayment of March 2015 CB;
- (iv) approximately HK\$5 million for the settlement of the remaining principal and interest on the First and Second HK Yinger Loans;
- (v) approximately HK\$16.1 million for settlement of other debts as they fall due and/or general working capital; and

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- (vi) approximately HK\$26.8 million for settlement of the Zheyin Tianqin 2017 CB if the Company is called upon to redeem those bonds without conversion, or for settlement of other debts as they fall due and/or general working capital if the Zheyin Tianqin 2017 CB are converted without redemption.

The Management considers that it is essential for the Group to maintain sufficient level of working capital not only for its repayment of debts and its operations but also enable the Group to explore business opportunities which are consistent with the existing principal activities of the Group and the business strategies of the Group formulated by the new management. As such, considering the difficulty in obtaining bank financing, the Counterparties Defaults and limited cash position, the Management intends to apply majority of fund from the CB Subscriptions (which the HK Yinger CB Subscription forms part) for repayment of debts and general working capital.

Based on the foregoing, after taking into account (i) the reasons and benefits and the intended usage of the proceeds from the CB Subscriptions (including HK Yinger CB Subscription) for repayment of the debts and explore for business opportunities; (ii) the Company's repayment obligations in the next few months; (iii) the Counterparties Defaults; (iv) current cash position of the Group will only provide slight buffer considering the Group's high level of administrative expenses and finance costs and various repayment obligations; (v) the need to settle the remaining cash consideration for the completion of the Charm Eastern Acquisition which is expected to broaden the income stream and to contribute to the Group's revenue in the long run; and (vi) to generally replenish the Company's working capital to enable the Group to identify suitable investment or growth opportunities with the view to generate positive cash flow and strengthen its financial position in the long run, we concur with the view of the Directors that (a) it is critical for the Company's survival to maintain sufficient cash flow to satisfy its repayment obligations for the debts falling due in at least the next few months; (b) the possible conversion of the Zheyin Tianqin 2017 CB (if the subscription of Zheyin Tianqin Convertible Bonds is completed before 3 March 2018) would relieve the Company from repaying its principal sum of HK\$25 million and the interest expense of HK\$2 million; (c) the possible automatic conversion of the HK Yinger Convertible Bonds would relieve the Company from repaying its principal sum of HK\$120 million and the interest expense of HK\$7.2 million; (d) the potential dilution caused to the public shareholders of the Company as a result of the conversion of the Convertible Bonds is outweighed by the benefit conferred to the Company and its shareholders as explained in points (a), (b) and (c) above; and (e) the CB Subscriptions (including the HK Yinger CB Subscription) will provide the Group necessary financial resources in a timely manner to ease the liquidity pressure and strengthen the financial position of the Group.

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The Management has considered other fund raising alternatives before resolving to the CB Subscriptions (including the HK Yinger CB Subscription), such as debt financing and equity financing. In respect of debt financing, the Company had approached two licensed money-lenders in Hong Kong to explore loan opportunities. Since the Company would not be able to provide any real property asset collateral, indicative proposals were discussed with these money-lenders but with much higher interest rate (in the range of 15–20% per annum) as compared to the range of interest rate of 3% for HK Yinger Convertible Bonds and 6% for Zheyin Tianqin Convertible Bonds and Investor Convertible Bonds. In addition, the term of maturity proposed by these money-lenders (of 3 to 18 months) are shorter than the two-year maturity term of the Convertible Bonds. In respect of equity financing such as placing and subscription of new shares, rights issue and open offer, the Company has approached three independent financial institutions to explore the possibility. Given the loss-making position of the Group since the financial year ended 31 December 2013 and the poor share price performance and poor trading liquidity of the Shares, it is difficult for the financial institutions to attract investors to participate in the equity financing to enable the Company to raise sufficient fund without adopting a substantial discount (of, say, at least 20%) of the subscription price as compared to the then-prevailing market price of the Shares. In addition, the result of best-effort placing conducted by financial institutions would be less certain than direct subscriptions by identified interested subscribers. As such, the Management considers that fund raising through the issue of the Convertible Bonds (including the HK Yinger Convertible Bonds) is a better way of fund raising at this stage.

Having considered the above, we are of the view and concur with the Directors that the issue of the Convertible Bonds (including the HK Yinger Convertible Bonds) is an appropriate means of raising additional capital in a timely manner for the Company since (i) the issue of the Convertible Bonds (including the HK Yinger Convertible Bonds) incurs lower interest and finance costs for the Group as compared to bank borrowing; (ii) there would not be an immediate dilution effect on the shareholding of the existing Shareholders; and (iii) it may save interest costs of the Group if the Convertible Bonds (including the HK Yinger Convertible Bonds) are ultimately converted into Conversion Shares. In this regard, we note that the HK Yinger Convertible Bonds are automatically converted at maturity unless the Company is required to redeem the HK Yinger Convertible Bonds pursuant to their terms as a result of the serving of default notice by the holder of the bonds upon the occurrence of an Event of Default, or redeemed pursuant to the exercise of the Company's early redemption, or it becomes necessary for the Company to redeem all or part of the HK Yinger Convertible Bonds on the Maturity Date as conversion is prohibited by the Conversion Restrictions. In addition, we note that under the terms of the Zheyin Tianqin CB Subscription Agreement, if the Zheyin Tianqin CB Subscription (which is conditional upon completion of the HK Yinger CB Subscription) proceeds to completion before 3 March 2018, Zheyin Tianqin agreed to fully convert the Zheyin Tianqin 2017 CB into 125,000,000 Shares without demanding repayment from the Company, despite the fact that they are currently out of money. The conversion of HK Yinger Convertible Bonds and Zheyin Tianqin 2017 CB will save interest costs of the Company and reduce the liabilities of the Group.

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We concur with the view of the Directors that (a) it is critical for the Company's survival to maintain sufficient cash flow to satisfy its repayment obligations for the debts falling due in at least the next few months; (b) the possible conversion of the Zheyin Tianqin 2017 CB (if the subscription of Zheyin Tianqin Convertible Bonds is completed before 3 March 2018) would relieve the Company from repaying its principal sum of HK\$25 million and the interest expense of HK\$2 million; (c) the possible automatic conversion of the HK Yinger Convertible Bonds would relieve the Company from repaying its principal sum of HK\$120 million and the interest expense of HK\$7.2 million; and (d) the potential dilution caused to the public shareholders of the Company as a result of the conversion of the Convertible Bonds is outweighed by the benefit conferred to the Company and its shareholders as explained in points (a), (b) and (c) above. After taking into account of the aforesaid, we are of the view that the HK Yinger CB Subscription is in the interest of the Company and the Shareholders as a whole.

3. The CB Subscription Agreements (including the HK Yinger CB Subscription)

On 26 January 2018, the Company entered into the HK Yinger CB Subscription Agreement with HK Yinger with an aggregate principal amount of HK\$120,000,000 and the Zheyin Tianqin CB Subscription Agreement with Zheyin Tianqin with an aggregate principal amount of HK\$60,000,000 respectively. Details of the CB Subscriptions are set out under the section headed "The CB Subscription by HK Yinger" and "The CB Subscription by Zheyin Tianqin" in the Letter from the Board, respectively.

4. Principal terms of the Convertible Bonds (including the HK Yinger Convertible Bonds)

The principal terms of the Convertible Bonds to be subscribed by the CB Subscribers pursuant to the CB Subscription Agreements are summarised below. Further details of the terms of the Convertible Bonds are set out under the section headed "Principal Terms of the Convertible Bonds" in the Letter from the Board.

- Total principal amount: HK\$207,200,000 in aggregate, comprising:
- (a) HK Yinger Convertible Bonds of HK\$120,000,000,
 - (b) Zheyin Tianqin Convertible Bonds of HK\$60,000,000, and
 - (c) Investor Convertible Bonds of HK\$27,200,000
- Maturity date: The date falling on the second anniversary of the date of issue of the Convertible Bonds
- Interest:
- (a) 3% per annum for HK Yinger Convertible Bonds, and
 - (b) 6% per annum for Zheyin Tianqin Convertible Bonds and Investor Convertible Bonds,

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in each case provided that no interest is payable for any part of the Convertible Bonds which are converted into Conversion Shares pursuant to the conditions of the Convertible Bonds.

Conversion Period: The period commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date

Conversion Rights: Holders of the Convertible Bonds shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at the initial Conversion Price of HK\$0.17 per Conversion Share at any time during the Conversion Period, provided always that the holder shall not convert the Convertible Bonds to an extent which would either (a) reduce the public float of the Company to less than 25% (or the relevant percentage as prescribed by the Listing Rules) of the issued Shares or (b) result in any change of control (as defined in the Takeovers Code) of the Company or otherwise trigger any mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder of the Convertible Bonds who exercises the conversion rights (or its concert party) unless the regulatory requirements under the Takeovers Code and the Listing Rules are fully complied with.

Conversion Shares: Based on the initial Conversion Price of HK\$0.17 per Conversion Share, an aggregate of 1,218,823,528 Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bonds, representing: (a) approximately 61.79% of the existing issued share capital of the Company, (b) approximately 38.19% of the issued share capital of the Company as enlarged by the issue of 1,218,823,528 Conversion Shares; and (c) approximately 36.75% of the issued share capital of the Company as enlarged by the issue of 1,218,823,528 Conversion Shares and the full conversion of the Zheyin Tianqin 2017 CB as undertaken by Zheyin Tianqin subject to completion of the Zheyin Tianqin CB Subscription, in each case assuming there is no other change in the issued share capital of the Company between the Latest Practicable Date and the full conversion of the Convertible Bonds. The aggregate nominal value of the maximum 1,218,823,528 Conversion Shares is HK\$12,188,235.28.

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Redemption: Subject to the provisions of Events of Default, the Convertible Bonds may not be redeemed by the holder before the Maturity Date. The Convertible Bonds may be redeemed in whole or part by the Company before the Maturity Date at the redemption price which is equivalent to the principal amount of the redeemed Convertible Bonds plus interest of 3% per annum (for HK Yinger Convertible Bonds) or 6% per annum (for Zheyin Tianqin Convertible Bonds and Investor Convertible Bonds) calculated from the date of issue of the bond up to and including the date of redemption.

Pursuant to the CB Subscription Agreements, the holders of the Convertible Bonds shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at the initial Conversion Price of HK\$0.17 per Conversion Share at any time during the Conversion Period (i.e. the period commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date).

Automatic conversion of HK Yinger Convertible Bonds

Unless the Company is required to redeem the HK Yinger Convertible Bonds pursuant to their terms as a result of the serving of default notice by the holder of the bonds upon the occurrence of an Event of Default, or redeemed pursuant to the exercise of the Company's early redemption, or it becomes necessary for the Company to redeem all or part of the HK Yinger Convertible Bonds on the Maturity Date as conversion is prohibited by the Conversion Restrictions, the HK Yinger Convertible Bonds are automatically converted into Conversion Shares on the Maturity Date. For the avoidance of doubt, no interest shall be payable on the HK Yinger Convertible Bonds if they are eventually converted into Conversion Shares. Such automatic conversion clause is not applied to the Zheyin Tianqin CB Subscription Agreement and the Investor CB Subscription Agreement and was requested by the Company after having considered the Group's financial position, with the view to encouraging conversion of the HK Yinger Convertible Bonds at maturity, thereby saving the Group's interest costs on the HK Yinger Convertible Bonds and relieving the repayment pressure of the Group.

The automatic conversion clause will provide the Company with more flexibility in allocating its financial resources since if the HK Yinger Convertible Bonds are ultimately converted, there is no need for the Company to repay its principal sum of HK\$120 million and the interest expense of HK\$7.2 million would also be saved, thereby relieving the Company from the existing tight cash flow situation. On the other hand, the Company still has the free choice to redeem the HK Yinger Convertible Bonds pursuant to the exercise of the early redemption clause of the bonds, if there is to be significant improvement in the Group's financial position in the next two years before the bonds are to mature. Taking into account the facts that (i) the automatic conversion clause provides the Company

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with the means to repay the HK Yinger Convertible Bonds which is favourable to the Company and beneficial to its Shareholders because of the improvement in cash flow position and saving of interest expenses as explained above; (ii) the automatic conversion clause of the HK Yinger CB Subscription Agreement does not confer extra power or right to HK Yinger; (iii) since the conversion price of HK\$0.17 represents a premium of approximately 109.45% over the net asset value per Share of HK\$0.081 (as explained below), the conversion of the HK Yinger Convertible Bonds is beneficial to the Company as it is expected to enhance the net asset value per share of the Company; (iv) given the loss-making position since the financial year ended 31 December 2013 and the weak financial position of the Company, the saving by the Group of principal repayment and interest expense as explained above will have positive impact to the Company; (v) the potential dilution caused to the public shareholders of the Company as a result of the conversion of the HK Yinger Convertible Bonds is outweighed by the benefits mentioned above and the importance of the Company's survival by maintaining sufficient cash flow to satisfy its repayment obligations for the debts falling due in at least the next few months; and (vi) the Company nonetheless has the flexibility of early redemption if it so wishes, we concur with the view of the Directors that the automatic conversion clause of the HK Yinger Convertible Bonds is favourable to the Company, fair and reasonable and in the interests of the Company and its Shareholders.

5. Analysis on the terms of the HK Yinger Convertible Bonds

The initial Conversion Price of HK\$0.17 per Conversion Share represents:

- (i) a premium of approximately 4.29% over the closing price of HK\$0.163 per Share as quoted on the Stock Exchange on the date of signing of the Subscription Agreements;
- (ii) a premium of approximately 5.46% over the average closing price of HK\$0.1612 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of signing of the Subscription Agreements;
- (iii) a premium of approximately 2.60% over the average closing price of HK\$0.1657 per Share as quoted on the Stock Exchange for the ten trading days immediately prior to the date of signing of the Subscription Agreements;
- (iv) a premium of approximately 109.45% over the net asset value per Share of HK\$0.081 as calculated from the unaudited equity attributable to the equity holders of the Company as at 30 June 2017 of approximately HK\$160.1 million and the total number of 1,972,452,606 issued shares of the Company as at the Latest Practicable Date; and
- (v) a discount of approximately 13.27% to the closing price of HK\$0.196 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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In order to further assess the fairness and reasonableness of the Conversion Price, we have reviewed the (i) the daily closing price of the Shares as quoted on the Stock Exchange from 26 January 2017 up to and including the date of the CB Subscription Agreements HK Yinger CB Subscription Agreement (the “**Review Period**”), being a period of one year prior to the date of the CB Subscription Agreements; (ii) the average daily trading volume of the Shares during the Review Period; and (iii) the comparison on the recent issuance of convertible bonds/notes by companies listed on the Stock Exchange.

(a) *Historical Share price performance*



Sources: The website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the closing prices of the Shares ranged from HK\$0.149 per Share to HK\$0.249 per Share with an average closing price per Share of approximately HK\$0.188. While the Conversion Price is within such range of the closing prices of the Shares during the Review Period, we note that the Conversion Price of HK\$0.17 represents a premium of approximately 14.1% over the lowest closing price per Share, a discount of approximately 31.7% to the highest closing price per Share, and a discount of approximately 9.6% to the average closing price per Share during the Review Period.

We note that the Conversion Price represents a slight premium over the prevailing market price of the Shares in general as analysed above. We consider that the comparison of the Conversion Price with the prevailing Share price is a more relevant analysis than the comparison with historical Share prices over the past six to twelve months when determining the fairness and reasonableness of the

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Conversion Price as the current market price of the Shares can directly reflect the value of shares in prevailing market conditions. Therefore, we are of the view that the Conversion Price is fair and reasonable as it reflects the current market price.

(b) Historical trading liquidity of the Shares

We have further reviewed the trading volume data in respect of the Shares during the Review Period. The table below sets out the number of trading days, the average daily trading volume of the Shares traded in each month, and the respective percentages of the Shares' monthly average daily trading volume as compared to (i) the total number of issued Shares held by the public Shareholders as at the Latest Practicable Date; and (ii) the total number of issued Shares as at the Latest Practicable Date during the Review Period:

| | Total trading volume of the Share | Number of trading days in the month | Average daily trading volume of the Shares (Note 1) | Average daily trading volume as a percentage of the then total number of Shares in issue (Note 2) (Approximate %) | Average daily trading volume as a percentage of the then total number of issued Shares held by public (Note 3) (Approximate %) |
|-------------------------------------------------|-----------------------------------------|-------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2017 | | | | | |
| January (commencing from 26 January 2017) | 690,000 | 2 | 345,000 | 0.017 | 0.039 |
| February | 22,117,230 | 20 | 1,105,862 | 0.056 | 0.12 |
| March | 32,233,323 | 23 | 1,401,449 | 0.071 | 0.157 |
| April | 22,497,144 | 17 | 1,323,361 | 0.067 | 0.148 |
| May | 19,900,900 | 20 | 995,045 | 0.05 | 0.111 |
| June | 112,078,284 | 22 | 5,094,467 | 0.258 | 0.570 |
| July | 68,604,500 | 21 | 3,266,881 | 0.166 | 0.366 |
| August | 67,910,463 | 22 | 3,086,839 | 0.156 | 0.346 |
| September | 33,494,821 | 21 | 1,594,991 | 0.081 | 0.179 |
| October | 53,286,191 | 20 | 2,664,310 | 0.135 | 0.298 |
| November | 40,858,190 | 22 | 1,857,190 | 0.029 | 0.064 |
| December | 10,811,834 | 19 | 569,044 | 0.029 | 0.064 |
| 2018 | | | | | |
| January (up to 26 January 2018) | 47,118,200 | 19 | 2,479,905 | 0.126% | 0.278 |
| | | | Maximum | 0.258 | 0.570 |
| | | | Minimum | 0.017 | 0.039 |
| | | | Average | 0.101 | 0.22 |

Sources: The website of the Stock Exchange (<http://www.hkex.com.hk>)

Notes:

1. Average daily trading volume of the Shares for the month equals to monthly total trading volume of the Shares divided by number of trading days in the respective month.

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2. Based on 1,972,452,606 Shares in issue as at the Latest Practicable Date.
3. Based on 893,294,979 Shares held by the public Shareholders as at the Latest Practicable Date.

As illustrated from the table above, the average daily trading volume of the Shares during the Review Period was low. The lowest of the Group's average daily trading volume was approximately 10,811,834 Shares in December 2017 and the highest was approximately 112,078,284 Shares in June 2017. The average daily trading volume of the Shares falls in the range of (i) approximately 0.017% to approximately 0.258% of the total number of issued Shares as at the Latest Practicable Date with an average of approximately 0.101%; and (ii) approximately 0.039% to approximately 0.570% of the total number of issued Shares held by the public Shareholders as at the Latest Practicable Date with an average of approximately 0.222%. As such, the trading of the Shares did not appear to be active during the Review Period.

(c) Comparison with recent issues of convertible bonds/notes by other listed issuers

In order to assess the fairness and reasonableness of the major principal terms of the Convertible Bonds, we have, on a best effort basis, conducted a search of all recent issues of convertible bond(s) or convertible note(s) by companies listed on the Stock Exchange (excluding the issuance for acquisition) that were announced during the two-month period prior to the date of the CB Subscription Agreements (the "**CB Comparables**") by searching through published information on the Stock Exchange's website since we consider that the number of comparables identified during two-month period can already provide a meaningful comparison by demonstrating the latest market condition on the issues of convertible bonds and taking into account the market condition, we consider that two months would be an adequate period for identifying relevant comparables. Based on such criteria, we have identified seventeen (17) CB Comparables. To the best of our knowledge, effort and endeavour and based on our search conducted according to the aforesaid criteria, the list of CB Comparables is an exhaustive list of issues of convertible bond(s) or convertible note(s) meeting the aforesaid criteria. Shareholders should note that the size, business nature, scale of operations and prospects of the Company are not exactly the same as the CB Comparables and we have not conducted any in-depth investigation into the size, business nature, scale of operations and prospects of the CB Comparables. Nevertheless, given that this analysis is aiming at taking a general reference to the recent market practice in relation to the Conversion Price and other principal terms of the HK Yinger CB Subscription Agreement, we consider that our comparable analysis on the Conversion Price and other principal terms without limiting to companies that are with similar size, business nature and

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scale of operations as that of the Group is fair and reasonable and useful for the Independent Shareholders' reference. We set out our findings in the table below:

| Company name (stock code) | Date of the announcement | Maturity (year) | Annual interest rate (%) | Premium/ (Discount) of the conversion price over/(to) the closing price per share on the last trading day on/ prior to the announcement/the date of agreement in relation to the respective issue of convertible notes/ bonds (approximate %) | Premium/ (Discount) of the conversion price over/(to) the closing price per share on the last five trading day on/prior to the announcement/the date of agreement in relation to the respective issue of convertible notes/ bonds (approximate %) |
|----------------------------------------------------------------------|-----------------------------|--------------------|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| China Success Finance Group Holdings Limited (3623) | 25 January 2018 | 2 | 6 | 49.66 | 51.72 |
| KVB Kunlun Financial Group Limited (6877) | 25 January 2018 | 2 | 7.5 | 5.70 | 5 |
| China Finance Investment Holdings Limited (875) | 23 January 2018 | 1 | 5 | 17.65 | 17.65 |
| China Shandong Hi-speed Financial Group Limited (412) | 23 January 2018 | 1.5 | 6 | 1.45 (Tranche A) 21.74 (Tranche B) | 4.79 (Tranche A) 25.75 (Tranche B) |
| MIE Holdings Corporation (1555) | 23 January 2018 | 3 | 5 | (3.33) | (1.36) |
| Tianyun International Holdings Limited (6836) | 22 January 2018 | 1 | 6 | 26.40 | 25.60 |
| Youyuan International Holdings Limited (2268) | 18 January 2018 | 1 | 4.5 | 33.61 | 39.19 |
| China Environmental Technology Holdings Limited (646) | 29 December 2017 | 3 | 8 | 40.14 | 35.53 |
| Sheng Yuan Holdings Limited (851) | 29 December 2017 | 2 | 8 | 34.60 | 36.70 |
| Green Leader Holdings Group Limited (61) | 28 December 2017 | 3 | 6.5 | (13.90) | (19.50) |
| China VAST Industrial Urban Development Company Limited (6166) | 27 December 2017 | 3 | 6 | 12.83 | 14.96 |
| Titan Petrochemicals Group Limited (1192) | 15 December 2017 | 1 | 7.5 | No discount or premium | 0.36 |

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| Company name (stock code) | Date of the announcement | Maturity (year) | Annual interest rate (%) | Premium/ (Discount) of the conversion price over/(to) the closing price per share on the last trading day on/ prior to the announcement/the date of agreement in relation to the respective issue of convertible notes/ bonds (approximate %) | Premium/ (Discount) of the conversion price over/(to) the closing price per share on the last five trading day on/prior to the announcement/the date of agreement in relation to the respective issue of convertible notes/ bonds (approximate %) |
|---------------------------------------------|-----------------------------|--------------------|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SMI Holdings Group Limited (198) | 15 December 2017 | 3 | 4 | (5.19) | (5.66) |
| Huajun Holdings Limited (377) | 13 December 2017 | 3 | 10 | 13.33 | 8.28 |
| Huajun Holdings Limited (377) | 7 December 2017 | 3 | 10 | (1.45) | (19.05) |
| Fortunet E-Commerce Group Limited (1039) | 7 December 2017 | 1.5 | 13 | (9.78) | (11.75) |
| China First Capital Group Limited (1269) | 4 December 2017 | 2 | 7 | (7.10) | (8.66) |
| | | Maximum | 3 | 13 | 49.66 |
| | | Minimum | 1 | 4 | (13.90) |
| | | Median | 2.1 | 7.06 | 9.27 |
| | | Average | 2 | 6.50 | 12.02 |
| | | | 3 (HK Yinger) | | |
| The Company (2700) | 26 January 2018 | 2 | 6 (Others) | 4.29 | 5.46 |

Source: The website of the Stock Exchange (<http://www.hkex.com.hk>)

Note: In calculating the average, we have averaged out positive numbers (premiums) with negative numbers (discounts). We consider that such average figure is meaningful as it indicates whether, on average, the conversion price of the CB Comparables represents a premium (if the average figure is a positive number) or a discount (if the average figure is a negative number) over/to the then prevailing market price of the relevant shares, and the magnitude of such premium or discount.

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Conversion Price

As illustrated in the table above, the conversion prices of the CB Comparables ranged from (i) a discount of approximately 13.90% to a premium of approximately 49.66% to the respective closing prices of the shares on the last trading day prior to/on the date of the relevant announcements (the “**LTD Range**”), with an average premium of approximately 12.02% (the “**LTD Average**”); and (ii) a discount of approximately 19.50% to a premium of approximately 51.72% to the respective average closing prices of the shares on the last five consecutive trading days immediately prior to/on the date of the relevant announcements (the “**5-Days Range**”), with an average premium of approximately 11.09% (the “**5-Days Average**”). We note that (i) the premium of the Conversion Price of approximately 4.29% over the closing price per Share on the date of the HK Yinger CB Subscription Agreement falls within the LTD Range and is below the LTD Average; and (ii) the premium of the Conversion Price of approximately 5.46% to the average closing price for last five trading days immediately prior to date of the the HK Yinger CB Subscription Agreement falls within 5-Days Range and is below the 5-Days Average.

Notwithstanding that the premium of Conversion Price is below the LTD Average, after taking into account (i) the premium of the Conversion Price over the closing price per Share on the date of the HK Yinger CB Subscription Agreement falls within the LTD Range and 5-Days Range; (ii) the loss of Group for four consecutive years of approximately HK\$49.0 million, HK\$99.1 million, HK\$205.1 million, and HK\$134.5 million for each of the four years ended 31 December 2016 with the relatively tight cash flow position of the Group as discussed above which demonstrated financial difficulties to settle relevant payment obligations; (iii) the downtrend of the Share price and the thin trading volume of the Shares during the Review Period as discussed above, which suggest the uncertainty as to whether there would be sufficient liquidity in the Shares for the Company to conduct equity financing in the open market without depressing the Share price; (iv) the Group has considered other fund raising alternatives but unable to obtain a funding likely to match with the CB Subscriptions; and (v) the same conversion price of HK\$0.17 per Conversion Shares between HK Yinger Convertible Bonds, Zheyin Tianqin Convertible Bonds and Investor Convertible Bonds, we consider that the Conversion Price is fair and reasonable.

Interest rate

As illustrated in the table above, the CB Comparables bear interest rates from 2% to 13% per annum, with an average interest rate of approximately 6.43% per annum. Taking into account that the interest rate of 3% per annum of the HK Yinger Convertible Bonds is below the average interest charged by

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the CB Comparables, it falls within the market range and representing lower cash outflow for the Company. We therefore consider that the interest rate of the HK Yinger Convertible Bonds is fair and reasonable.

Maturity

As illustrated in the table above, the CB Comparables have the maturity ranged from one year to five years, with an average maturity of around two years. The Convertible Bonds (including HK Yinger Convertible Bonds) with a maturity of two years is in line with the market. We therefore consider that the maturity of the HK Yinger Convertible Bonds is fair and reasonable.

Conclusion

In view of all the foregoing, we consider that the principal terms of the HK Yinger Convertible Bonds are fair and reasonable so far as the Independent Shareholders are concerned.

6. Financial effects of the CB Subscriptions (including the HK Yinger CB Subscription)

(a) Effect on the net asset value

Given that the Convertible Bonds (including the HK Yinger Convertible Bonds), when being booked into the financial statements of the Group, will consist of an equity portion and a liability portion. The equity portion and the liability portion of the Convertible Bonds to be recognised will subject to assessment and valuation by a professional valuer in accordance with the Hong Kong Financial Reporting Standards.

On the other hand, it is expected that the net asset value of the Group will increase upon conversion of the Convertible Bonds by the CB Subscribers (including the conversion of the HK Yinger Convertible Bonds by HK Yinger) into Conversion Shares as a result of the decrease in liabilities.

(b) Effect on liquidity and working capital

It is expected that the interest payment of the Convertible Bonds (including the HK Yinger Convertible Bonds) will incur cash outflow of the Group. As part of the net proceeds from the Subscription will be used for general working capital of the Group, the liquidity and working capital position of the Group will be improved upon completion of the issue of the Convertible Bonds (including the HK Yinger Convertible Bonds).

(c) Effect on earnings

As advised by the Management, the liability portion of the Convertible Bonds (including the HK Yinger Convertible Bonds) will be carried at amortised cost using the effective interest method and the effective interest expenses (non-cash) of the Convertible Bonds (including the HK Yinger Convertible Bonds) will be charged to the consolidated statement of profit or loss subsequent to the completion of the CB Subscription Agreements (including the HK Yinger CB Subscription Agreement) until the conversion and/or redemption of the Convertible Bonds in full.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon completion of the Subscription Agreement (including the HK Yinger CB Subscription Agreement).

7. Possible dilution effect on the shareholding interests of the existing public Shareholders

The table below illustrates the shareholding structures of the Company (i) as at the Latest Practicable Date; (ii) immediately after the issue of the Investor Conversion Shares upon full exercise of conversion rights attaching to the Investor Convertible Bonds but assuming no other convertible securities of the Company are to be converted; (iii) immediately after the issue of the HK Yinger Conversion Shares upon full exercise of conversion rights attaching to the HK Yinger Convertible Bonds but assuming no other convertible securities of the Company are to be converted; (iv) immediately after the issue of the conversion shares upon full exercise of conversion rights attaching to the Zheyin Tianqin Convertible Bonds and the Zheyin Tianqin 2017 CB but assuming no other convertible securities of the Company are to be converted; and (v) immediately after the issue of the conversion shares upon full exercise of conversion rights attaching to all convertible securities of the Company, including the Convertible Bonds and all the Other CB Series (as defined below), in each case assuming there is no other change in

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the issued share capital of the Company between the Latest Practicable Date and the full conversion of the relevant convertible bonds, for illustrative and reference purpose:

| | As at the Latest Practicable Date | | Immediately after the issue of the Investor Conversion Shares upon full exercise of conversion rights attaching to the Investor Convertible Bonds (but assuming no other convertible securities of the Company are to be converted) | | Immediately after the issue of the HK Yinger Conversion Shares upon full exercise of conversion rights attaching to the HK Yinger Convertible Bonds (but assuming no other convertible securities of the Company are to be converted) | | Immediately after the issue of the conversion shares upon full exercise of conversion rights attaching to the Zheyin Tianqin 2017 CB and the Zheyin Tianqin Convertible Bonds (but assuming no other convertible securities of the Company are to be converted) | | Immediately after the issue of the conversion shares upon full exercise of conversion rights attaching to all convertible securities of the Company, including the Convertible Bonds and all the other CB Series | |
|-----------------------------------|-----------------------------------|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| | Shares | % | Shares | % | Shares | % | Shares | % | Shares | % |
| Gold Bless | 987,697,627 | 50.07 | 987,697,627 | 46.32 | 987,697,627 | 36.88 | 987,697,627 | 40.31 | 987,697,627 | 25.26 |
| HK Yinger | — | — | — | — | 705,882,352 | 26.36 | — | — | 705,882,352 | 18.05 |
| Zheyin Tianqin | | | | | | | | | | |
| — 2017 CB | — | — | — | — | — | — | 125,000,000 | 5.10 | 125,000,000 | 3.20 |
| — Convertible Bonds 2018 | — | — | — | — | — | — | 352,941,176 | 14.40 | 352,941,176 | 9.03 |
| Mr. Liu Dong (<i>Note 1</i>) | 91,460,000 | 4.64 | 91,460,000 | 4.29 | 91,460,000 | 3.41 | 91,460,000 | 3.73 | 91,460,000 | 2.34 |
| Smoothly Good (<i>Note 2</i>) | — | — | 160,000,000 | 7.50 | — | — | — | — | 160,000,000 | 4.09 |
| Public Shareholders | | | | | | | | | | |
| Other CB Series (<i>Note 3</i>) | | | | | | | | | | |
| — 2nd and 3rd Tai Cheng CB | — | — | — | — | — | — | — | — | 14,891,167 | 0.38 |
| — March 2015 CB | — | — | — | — | — | — | — | — | 87,878,787 | 2.25 |
| — 1st and 2nd Marsa CB | — | — | — | — | — | — | — | — | 217,000,000 | 5.55 |
| — Qianhai 2016 CB | — | — | — | — | — | — | — | — | 40,000,000 | 1.02 |
| — Ample Reach CBs | — | — | — | — | — | — | — | — | 234,375,000 | 5.99 |
| Other Public Shareholders | 893,294,979 | 45.29 | 893,294,979 | 41.89 | 893,294,979 | 33.35 | 893,294,979 | 36.46 | 893,294,979 | 22.84 |
| Subtotal | 893,294,979 | 45.29 | 893,294,979 | 41.89 | 893,294,979 | 33.35 | 893,294,979 | 36.46 | 1,487,439,933 | 38.03 |
| | <u>1,972,452,606</u> | <u>100.00</u> | <u>2,132,452,606</u> | <u>100.00</u> | <u>2,678,334,958</u> | <u>100.00</u> | <u>2,450,393,782</u> | <u>100.00</u> | <u>3,910,421,088</u> | <u>100.00</u> |

Notes:

1. This represents the 91,460,000 Shares beneficially owned by the Investor (i.e. Mr. Liu Dong) prior to his subscription of the Investor Convertible Bonds.
2. This represents the 160,000,000 Shares issuable upon the full conversion of the Investor Convertible Bonds currently held by Smoothly Good Investment Development Limited (“**Smoothly Good**”) (a controlled corporation which is wholly owned by Mr. Liu Dong) upon completion of the Investor CB Subscription on 8 February 2018.

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3. Apart from the Convertible Bonds (comprising the Investor Convertible Bonds, the HK Yinger Convertible Bonds and the Zheyin Tianqin Convertible Bonds) and the Zheyin Tianqin 2017 CB, the Company also has the following other convertible securities outstanding as at the Latest Practicable Date (the “**Other CB Series**”):
- (a) “2nd Tai Cheng CB” in the principal amount of HK\$5,628,138 carrying conversion right to convert into 13,727,165 Shares at the conversion price of HK\$0.41 per Share (after adjustment) maturing on 13 October 2017 and “3rd Tai Cheng CB” in the principal amount of HK\$477,241 carrying conversion right to convert into 1,164,002 Shares at the conversion price of HK\$0.41 per Share (after adjustment) maturing on 8 September 2018;
 - (b) “March 2015 CB” in the principal amount of HK\$29,000,000 carrying conversion right to convert into 87,878,787 Shares at the conversion price of HK\$0.33 per Share maturing on 6 March 2018;
 - (c) “1st Marsa CB” in the principal amount of HK\$54,250,000 carrying conversion right to convert into 108,500,000 Shares at the conversion price of HK\$0.50 per Share maturing on 20 May 2018 and “2nd Marsa CB” in the principal amount of HK\$54,250,000 carrying conversion right to convert into 108,500,000 Shares at the conversion price of HK\$0.50 per Share maturing on 20 May 2019, of which principal amounts of HK\$33,900,000 and HK\$37,311,555 are liable to be redeemed and cancelled by the Company due to the failure to meet the profit guarantees for 2015 and 2016, respectively;
 - (d) “Qianhai 2016 CB” in the principal amount of HK\$12,000,000 carrying conversion right to convert into 40,000,000 Shares at the conversion price of HK\$0.30 per Share maturing on 15 April 2019; and
 - (e) The Ample Reach CBs were issued to Ample Reach Limited, the vendor of the Charm Eastern Acquisition which was completed on 31 January 2018 and was of total principal amount of HK\$41,015,625 carrying conversion right to convert into 234,375,000 Shares at the conversion price of HK\$0.175 per Share. The Ample Reach CBs are divided into three tranches of principal amount of HK\$13,671,875 each, respectively maturing on 30 September 2018, 30 April 2019 and 30 September 2019.

Upon exercise in full of the conversion rights attaching to the Convertible Bonds at the initial Conversion Price, an aggregate of 1,218,823,528 Conversion Shares will be allotted and issued, representing (i) approximately 61.79% of the existing issued share capital of the Company; (ii) approximately 38.19% of the issued share capital of the Company as enlarged by the issue of 1,218,823,528 Conversion Shares; and (iii) approximately 36.75% of the issued share capital of the Company as enlarged by the issue of 1,218,823,528 Conversion Shares and the full conversion of the Zheyin Tianqin 2017 CB undertaken by Zheyin Tianqin subject to completion of the Zheyin Tianqin CB. Assuming that the Company does not issue and/or repurchase any Shares from the Latest Practicable Date up to the date of completion of the CB Subscriptions contemplated under the CB Subscription Agreements, the aggregate shareholding of the public Shareholders will decrease from approximately 45.29% as at the Latest Practicable Date to approximately 33.35% upon full exercise of conversion rights attaching to the HK Yinger Convertible Bonds (but assuming no other convertible securities of the Company are to be converted) and 36.46% upon full exercise of conversion rights attaching to the Zheyin Tianqin 2017 CB and the Zheyin Tianin Convertible Bonds (but assuming no other convertible securities of the Company are to be converted), representing a potential dilution in public shareholding of approximately 11.94% and 8.83% in absolute terms respectively.

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Taking into account (a) the reasons for entering into the HK Yinger CB Subscription Agreement as set out under the section headed “Reasons for and benefits of the CB Subscription (including the HK Yinger CB Subscription) and use of proceeds” in this letter; and (b) our conclusion on the terms of the HK Yinger Convertible Bonds as set out under the section headed “Analysis on the terms of the HK Yinger Convertible Bonds” in this letter, in particular the company’s need to meet its obligations to repay its liabilities when they fall due immediately, we consider that the above-mentioned potential dilution attributable to the conversion of the HK Yinger Convertible Bonds (assuming that there is no other change in the issued share capital of the Company) is outweighed by the benefits and reasons of the issue of HK Yinger Convertible Bonds.

RECOMMENDATION

Having taken into consideration the factors and reasons stated above, we are of the opinion that although the entering into of the HK Yinger Subscription Agreements are not in the ordinary and usual course of business of the Group, it is on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the HK Yinger CB Subscription Agreement.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

Note: Mr. Robert Siu is a licensed person registered with the Securities and Futures Commission of Hong Kong and Responsible Officer of Red Sun Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has over 19 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(A) Directors' and chief executives' interests and short positions in Shares, underlying shares and debentures of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (a) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (b) which were recorded in the register (the “**Register**”) maintained by the Company pursuant to Section 352 of the SFO, or (c) which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules were as follows:

| Name of Director | Capacity | Long positions in shares and underlying shares | Approximate percentage of total issued shares (Note 6) |
|---------------------|-------------------------------------|------------------------------------------------|-----------------------------------------------------------|
| Mr. Yang | Interest of controlled corporations | 987,697,627 (Note 1) | 50.07% |
| | Beneficial owner | 9,000,000 (Note 2) | 0.46% |
| Mr. Yu | Interest of controlled corporations | 987,697,627 (Note 3) | 50.07% |
| | Interest of controlled corporations | 705,882,352 (Note 4) | 35.79% |
| Ms. Eva Au (Note 5) | Beneficial owner | 65,100,000 | 3.30% |

Notes:

1. According to disclosure of interest filings, these 987,697,627 Shares were beneficially owned by Gold Bless, a company whose issued shares were reportedly registered: (a) as to 65% in the name of Mr. Yang, who was also a director of Gold Bless; (b) as to 20% in the name of Mr. Yu; and (c) as to 15 % in the name of Winning Top, which was reportedly wholly owned by Mr. Yu.

Mr. Yang was deemed to be interested in all the 987,697,627 Shares held by Gold Bless pursuant to Part XV of the SFO. These deemed interest duplicated with those of Mr. Yu as described in note 3 below and those of Gold Bless. Under Part XV of the SFO, Gold Bless is regarded as an associated corporation of the Company.

2. *According to disclosure of interest filings, 9,000,000 underlying Shares may be issued upon full exercise of the share options granted to Mr. Yang on 11 May 2012 under the share option scheme of the Company adopted on 2 September 2006. For further details, please refer to the section headed "Share Option Scheme" in the interim report of the Company for the six months ended 30 June 2017 (the "2017 Interim Report").*
3. *According to disclosure of interest filings, Mr. Yu was deemed to be interested in all the 987,697,627 Shares held by Gold Bless pursuant to Part XV of the SFO. These deemed interest duplicated with those of Mr. Yang as described in note 1 above and those of Gold Bless.*
4. *HK Yinger, a controlled corporation which is 100% owned by Mr. Yu, is the subscriber under the HK Yinger CB Subscription. The deemed interests of Mr. Yu disclosed herein refer to the 705,882,352 underlying Shares falling to be issued assuming completion of the HK Yinger CB Subscription and full conversion of the HK Yinger Convertible Bonds, and duplicates with the deemed interest of HK Yinger.*
5. *According to disclosure of interest filings, 65,100,000 underlying Shares may be issued upon full exercise of the conversion rights attached to those principal sum of the convertible bonds (the "Marsa CB") which were issued by the Company and registered in the name of Ms. Eva Au. The repayment obligations of the Marsa CB are subject to the satisfaction of the profit guarantee in respect of the profit of Shenzhen Marsa Guer Chain Enterprise Ltd. ("Shenzhen Marsa") for the years ended 31 December 2015, 2016 and 2017, respectively, under the acquisition of Rainbow Star Global Limited in 2015 and the Company's right of redemption and cancellation of such principal sum of the Marsa CB by reference to the shortfall proportion if the profit guarantee is not satisfied. In addition, the conversion rights attached to the Marsa CB is only exercisable after the Company exercised its said right of redemption and cancellation by reference to the satisfaction and/or shortfall proportion of the said profit guarantee of Shenzhen Marsa. As stated in Note 16(c) to the consolidated financial statements of the Company contained in the 2017 Interim Report, Shenzhen Marsa did not meet the profit guarantees for both 2015 and 2016 and certain principal amounts of Marsa CB are liable to be redeemed and cancelled by the Company.*
6. *The percentages are calculated based on the total number of 1,972,452,606 issued Shares as at the Latest Practicable Date.*

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executives of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations, which were notified to the Company and the Stock Exchange or recorded in the Register as aforesaid.

(B) Substantial shareholders' interests and short positions in Shares, underlying shares and debentures of the Company or its associated corporations

As at the Latest Practicable Date, so far as it is known by or otherwise notified by any Director or the chief executives of the Company, the particulars of the corporations or persons (not being a Director or chief executive of the Company) who had 5% or more interests and short positions in the Shares and underlying shares of the Company as recorded in the Register required to be kept under Section 336 of the SFO or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (the “**Voting Entitlements**”) (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

| Name of substantial Shareholder | Capacity in which the Shares or underlying shares are held | Long positions in shares and underlying shares | Approximate percentage of total issued shares (Note 9) |
|-----------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------------|
| Gold Bless (Note 1) | Beneficial owner | 987,697,627 | 50.07% |
| HK Yinger (Note 2) | Beneficial owner | 705,882,352 | 35.79% |
| Zheyin Tianqin (Note 3) | Beneficial owner | 125,000,000 | 6.34% |
| Zheyin Tianqin (Note 4) | Beneficial owner | 352,941,176 | 17.89% |
| Mr. Xia (Note 3) | Interest of controlled corporation | 125,000,000 | 6.34% |
| Mr. Xia (Note 4) | Interest of controlled corporation | 352,941,176 | 17.89% |
| Mr. Liu Dong (Note 5) | Beneficial owner | 91,460,000 | 4.64% |
| Mr. Liu Dong (Note 5) | Interest of controlled corporation | 160,000,000 | 8.11% |
| Smoothly Good (Note 5) | Beneficial owner | 160,000,000 | 8.11% |
| Ample Reach Limited (Note 6) | Beneficial owner | 234,375,000 | 11.88% |
| Mr. Huang Zhenxia (Note 6) | Interest of controlled corporation | 234,375,000 | 11.88% |
| Chung Sum Sang (Note 7) | Beneficial owner | 119,120,930 | 6.04% |
| Keytone Assets Investment Inc. (Note 8) | Beneficial owner | 116,279,070 | 5.90% |
| Cai Zhengshun (Note 8) | Interest of controlled corporation | 116,279,070 | 5.90% |

Notes:

1. According to disclosure of interest filings, these 987,697,627 Shares were beneficially owned by Gold Bless, a company which is deemed to be a controlled corporation of Mr. Yang and Mr. Yu. The interest in Shares of Gold Bless therefore duplicated with those of Mr. Yang and of Mr. Yu as described in notes 1 and 3 of the sub-section headed “(A) Directors' and chief executives' interests and short positions in Shares, underlying shares and debentures of the Company or its associated corporations” above. Under Part XV of the SFO, Gold Bless is regarded as an associated corporation of the Company.

2. *HK Yinger, a controlled corporation which is 100% owned by Mr. Yu, is the subscriber under the HK Yinger CB Subscription. The deemed interests of HK Yinger disclosed herein refer to the 705,882,352 underlying Shares falling to be issued assuming completion of the HK Yinger CB Subscription and full conversion of the HK Yinger Convertible Bonds, and duplicates with the deemed interest of Mr. Yu.*
3. *According to disclosure of interest filings, 125,000,000 underlying Shares may be issued upon full exercise of the conversion rights attached to the Zheyin Tianqin 2017 CB registered in the name of Zheyin Tianqin, which was reportedly owned as to 100% by Mr. Xia. Mr. Xia is deemed to be interested in the same block of underlying Shares interested by Zheyin Tianqin pursuant to Part XV of the SFO.*
4. *Zheyin Tianqin, a controlled corporation which is 100% owned by Mr. Xia, is the subscriber under the Zheyin Tianqin CB Subscription. The deemed interests of Zheyin Tianqin disclosed herein refer to the 352,941,176 underlying Shares falling to be issued assuming completion of the Zheyin Tianqin CB Subscription and full conversion of the Zheyin Tianqin Convertible Bonds, and duplicates with the deemed interest of Mr. Xia.*
5. *Prior to the Investor CB Subscription, Mr. Liu Dong was directly interested in 91,460,000 Shares. Mr. Liu Dong is the subscriber under the Investor CB Subscription which was completed on 8 February 2018, pursuant to which Smoothly Good, a controlled corporation which is 100% owned by Mr. Liu Dong, was nominated to take up the Investor Convertible Bonds. The deemed interests of Smoothly Good disclosed herein refer to the 160,000,000 underlying Shares falling to be issued assuming full conversion of the Investor Convertible Bonds, and duplicates with the deemed interest of Mr. Liu Dong.*
6. *Ample Reach Limited, a controlled corporation which is 100% owned by Mr. Huang Zhenxia, was issued the Ample Reach CBs on completion of the Charm Eastern Acquisition on 31 January 2018. The deemed interests of Ample Reach Limited disclosed herein refer to the 234,375,000 underlying Shares falling to be issued assuming satisfaction of the profit guarantee in respect of the profit of Chaim Eastern Limited and full conversion of the Ample Reach CBs, and duplicates with the deemed interest of Mr. Huang Zhenxia.*
7. *According to disclosure of interest filings, 119,120,930 underlying Shares may be issued upon full exercise of the conversion rights attached to those principal sum of the Marsa CB which were registered in the name of Chung Sum Sang. The repayment obligations of the Marsa CB are subject to the satisfaction of the profit guarantee in respect of the profit of Shenzhen Marsa for the years ended 31 December 2015, 2016 and 2017, respectively, under the acquisition of Rainbow Star Global Limited in 2015 and the Company's right of redemption and cancellation of such principal sum of the Marsa CB by reference to the shortfall proportion if the profit guarantee is not satisfied. In addition, the conversion rights attached to the Marsa CB is only exercisable after the Company exercised its said right of redemption and cancellation by reference to the satisfaction and/or shortfall proportion of the said profit guarantee of Shenzhen Marsa. As stated in Note 16(c) to the consolidated financial statements of the Company contained in the 2017 Interim Report, Shenzhen Marsa did not meet the profit guarantees for both 2015 and 2016 and certain principal amounts of Marsa CB are liable to be redeemed and cancelled by the Company.*
8. *According to the disclosure of interest filings made by the relevant person, Keytone Assets Investment Inc. (which was purportedly owned as to 100% by Cai Zhengshun) was reported as the beneficial owner of 116,279,070 underlying Shares, which appeared to coincide with the number of underlying Shares reportedly disposed of by Chung Sum Sang on 29 August 2016 according to Chung Sum Sang's disclosure of interest filing. Chung Sum Sang's interest in underlying Shares were believed to relate to the conversion rights attached to those principal sum of the Marsa CB which were registered in the name of Chung Sum Sang. The repayment obligations of the Marsa CB are subject to the satisfaction of the profit guarantee in respect of the profit of Shenzhen Marsa for the years ended 31 December 2015, 2016 and 2017, respectively, under the acquisition of Rainbow Star Global Limited in 2015 and the Company's right of redemption and cancellation of such principal sum of the Marsa CB by reference to the*

shortfall proportion if the profit guarantee is not satisfied. In addition, the conversion rights attached to the Marsa CB is only exercisable after the Company exercised its said right of redemption and cancellation by reference to the satisfaction and/or shortfall proportion of the said profit guarantee of Shenzhen Marsa. As stated in Note 16(c) to the consolidated financial statements of the Company contained in the 2017 Interim Report, Shenzhen Marsa did not meet the profit guarantees for both 2015 and 2016 and certain principal amounts of Marsa CB are liable to be redeemed and cancelled by the Company.

9. *The percentages are calculated based on the total number of 1,972,452,606 issued Shares as at the Latest Practicable Date.*

Save as disclosed above, the Directors are not aware of any other corporations or person who, as at the Latest Practicable Date, had any Voting Entitlements or interests or short positions in the shares or underlying shares as recorded in the Register required to be kept under Section 336 of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquires, none of the Directors and their respective close associates were considered to have any interests in businesses which competed or were likely to compete, directly or indirectly, with the businesses of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or was proposing to enter, into any service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

Save for the First HK Yinger Loan, the Second HK Yinger Loan and the HK Yinger CB Subscription Agreement in which (i) Mr. Yu is considered to be interested by virtue of his shareholding in HK Yinger; (ii) Ms. Yu Jiaoli is considered to be interested by virtue of her family relationship with Mr. Yu; and (iii) Mr. Chen Hanhong is considered to be interested by virtue of his directorship in HK Yinger, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2016 (being the date to which the latest published audited financial statements of the Company were made up).

6. MATERIAL ADVERSE CHANGE

Save as disclosed below, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2016, being the date to which the latest published audited financial statements of the Group were made up:

As disclosed in the Company's announcement dated 25 January 2018, the Company underwent significant changes in directorship and management personnel in June 2017. Since the third quarter of 2017, the new management of the Company had been conducting an internal review of the credit assessment and risk management policies of the Group's credit and investment decisions in the past, slowing down any further expansion of money lending portfolio, adopting a more conservative approach in the identification and verification process of business development, investments and acquisitions, and adopting cost-saving practices with the view of stopping losses and increasing enterprise efficiency. The new management of the Company was also conducting an internal review of the Group's receivables accrued prior to June 2017, notably including the Winning Rose Promissory Note receivables owed by Winning Rose to the Company of face value of HK\$86,018,492 and carrying value of HK\$81,548,000 and the Puregood Promissory Note receivables owed by Puregood to the Company of face value of HK\$79,598,533 and carrying value of HK\$72,670,000.

The Winning Rose Promissory Note and the Puregood Promissory Note were due on 29 April 2017 and 30 June 2017, respectively. Following internal review by the Company's new management, demand letters were sent by the Company to Winning Rose and Puregood since the third quarter of 2017 stating the Group's position that they have defaulted their contractual obligations under the Winning Rose Promissory Note and the Puregood Promissory Note (the "**Counterparties Defaults**") and demanding their immediate repayment. However, despite repeated demands, Winning Rose and Puregood did not make any repayment to the Group up to the Latest Practicable Date. It is therefore uncertain as to whether the Company should be able to apply the repayment proceeds from the Winning Rose Promissory Note and the Puregood Promissory Note for the satisfaction of the Company's repayment obligations when they fall due in the next few months, most notably including the Zheyin Tianqin 2017 CB in the principal amount of HK\$25 million due on 3 March 2018, the March 2015 CB in the principal amount of HK\$29 million maturing on 6 March 2018 as disclosed in the Company's announcement dated 8 March 2015, the First HK Yinger Loan in the principal amount of HK\$60 million which starts to fall due in June 2018 and the Second HK Yinger Loan in the principal amount of HK\$60 million which starts to fall due in April 2018.

7. LITIGATION

Save as disclosed below, as at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group:

On 9 February 2017, the Company received a writ of summons dated 9 February 2017 issued by the High Court of Hong Kong. The plaintiff is Nu Kenson Limited ("**Nu Kenson**") and the Company is named as a defendant in the writ. Pursuant to the statement of claim attached to the writ, Nu Kenson sought, inter alia, the following reliefs: (i) a declaration that

Nu Kenson is the legal and lawful owner and/or holder of the 8% coupon convertible bonds in the principal amount of HK\$40,000,000 issued by the Company as disclosed in the Company's announcements dated 27 November 2015, 28 December 2015 and 15 January 2016 (the terms of which being amended as disclosed in the Company's announcements dated 16 January 2017 and 10 February 2017) (the "**1st 2016 CB**"); (ii) a declaration that Nu Kenson is entitled to a bond certificate in its name to be issued by the Company, to have its name entered into the register of bondholder by the Company, and to convert the 1st 2016 CB into Shares in accordance with its terms and conditions; (iii) specific performance of the 1st 2016 CB; and/or (iv) damages to be assessed. On 28 April 2017, the Company, Mr. Yang Yuezhou (the subscriber of the 1st 2016 CB) and Nu Kenson entered into a deed of settlement pursuant to which (inter alia), the Company agreed to pay HK\$44,000,000 to Nu Kenson in full and final settlement of the principal amount and interest of the 1st 2016 CB and the legal proceedings arisen from the writ.

8. MATERIAL CONTRACTS

The following contracts (being contracts not entered into in the ordinary course of business of the Group) have been entered into by the members of the Group within two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the subscription agreement dated 5 April 2016 and entered into between the Company (as issuer) and Hong Kong Qian Hai Financial Group Limited (as subscriber) in relation to the subscription of the 8% coupon convertible bonds in the principal amount of HK\$12,000,000 to be issued by the Company;
- (ii) the sale and purchase agreement dated 29 April 2016 and entered into between Sino Front Limited ("**Sino Front**", as vendor), a wholly-owned subsidiary of the Company, and Winning Rose (as purchaser) in relation to the disposal of certain trade receivables by Sino Front, in the principal amount of HK\$95,576,102.75 in exchange for the Winning Rose Promissory Note of face value of HK\$86,018,492.48;
- (iii) the call option agreement dated 29 April 2016 and entered into between Sino Front and Winning Rose in relation to the call option granted by Winning Rose in favour of Sino Front to require Winning Rose to sell to Sino Front such quantity of shares in Jasper Jade Corporation with a fair value equivalent to the option price of HK\$86,018,492.48 (which is equal to the face value of the Winning Rose Promissory Note) based on the final valuation report on Jasper Jade Corporation which will be issued by an independent valuer;
- (iv) the subscription agreement dated 24 June 2016 and entered into between the Company (as issuer) and JQ Int'l Investment Development Group (China) Limited (as subscriber) in relation to the subscription of the 8% coupon convertible bonds in the principal amount of HK\$30,000,000 to be issued by the Company, which has subsequently lapsed on 26 September 2016;

- (v) the placing agreement dated 28 June 2016 and entered into between the Company and Enhanced Securities Limited (as placing agent) in relation to the placing of the unlisted 5% per annum coupon, unsecured and non-convertible bond in the principal amount of HK\$10,000,000 to be issued by the Company;
- (vi) the sale and purchase agreement dated 30 June 2016 and entered into between Green Capital (Hong Kong) Limited (“**Green Capital**”, as vendor), a wholly-owned subsidiary of the Company, and Puregood (as purchaser) in relation to the disposal of certain receivables by Green Capital in the principal amount of HK\$79,598,533 in exchange for the Puregood Promissory Note of face value HK\$79,598,533;
- (vii) the call option agreement dated 30 June 2016 and entered into between Green Capital and Puregood in relation to the call option granted by Puregood in favour of Green Capital to require Puregood to sell to Green Capital such quantity of shares in Gold Fountain Inc. with a fair value equivalent to the option price of HK\$79,598,533 (which is equal to the face value of the Puregood Promissory Note) based on the final valuation report on Gold Fountain Inc. which will be issued by an independent valuer, provided that Green Capital’s shareholding in Gold Fountain Inc. at any time after the exercise of the call option and any subsequent conversion of any shareholder loan shall be in aggregate less than 50% of the issued share capital of Gold Fountain Inc.;
- (viii) the amendment deed dated 16 January 2017 and entered into between the Company and Mr. Yang Yuezhou in relation to the amendments to the terms and conditions of the 8% coupon convertible bonds in the principal amount of HK\$40,000,000 issued by the Company to Yuanta Securities (Hong Kong) Company Limited, being the nominee of Mr. Yang Yuezhou, on 15 January 2016;
- (ix) the subscription agreement dated 13 February 2017 and entered into between the Company (as issuer) and Zheyin Tianqin (as subscriber) in relation to the subscription of the Zheyin Tianqin 2017 CB;
- (x) the side letter dated 15 March 2017 and entered into by the Company and Hong Kong Tai Shing Toys Trading Limited (“**Tai Shing**”) on pursuant to which the Company and Tai Shing, an indirect non-wholly owned subsidiary of the Company, agreed to cancel the first tranche Tai Cheng convertible notes in the principal amount of HK\$6,163,639 in exchange for promissory note in the same principal amount;
- (xi) the subscription agreement dated 6 April 2017 and entered into between the Company and Delight Treasure Holdings Limited (“**DTHL**”) in relation to the subscription by DTHL of two-month 15% per annum senior notes (“**DTHL Senior Notes**”) in the principal amount of HK\$40,000,000 issued by the Company;
- (xii) the loan agreement dated 14 June 2017 and entered into between the Company (as borrower) and HK Yinger (as lender) in relation to the First HK Yinger Loan;

- (xiii) the deed of settlement dated 19 June 2017 and entered into between the Company and DTHL in relation to the payment of HK\$41,083,333.33 by the Company to DTHL in full and final settlement of the DTHL Senior Notes;
- (xiv) the loan agreement dated 3 October 2017 and entered into between the Company (as borrower) and HK Yinger (as lender) in relation to the Second HK Yinger Loan;
- (xv) the acquisition agreement dated 28 November 2017 and entered into between the Company (as purchaser), Ample Reach Limited (as vendor), Mr. Huang and Shenzhen Zizhong Medical Services Company Limited (as vendor's guarantors) and Charm Eastern Limited (東雅有限公司) in relation to the acquisition of the entire issued share capital of Charm Eastern Limited for a total consideration of HK\$75,015,625; and
- (xvi) the CB Subscription Agreements.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

| Name | Qualification |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 |

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which have been acquired or disposed of or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2016 (being the date to which the latest published audited accounts of the Company were made up).

10. GENERAL

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

- (b) The principal place of business of the Company in Hong Kong is situated at Suite 2208–09, 22/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The secretary of the Company is Mr. Chan Chun Kau. Mr. Chan, aged 43, graduated from Trinity College, Cambridge University of England with a bachelor degree in computer science and laws. He is a solicitor in Hong Kong and is a partner of two law firms in Hong Kong, namely Cheung and Choy, Solicitors and J.S. Gale & Co., and the sole proprietor of Lawrence Chan & Co.
- (e) In the event of any inconsistency, the English language text of this circular and the accompanying proxy form shall prevail over the Chinese language text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection from 9:00 a.m. to 5:00 p.m. on any weekday other than public holidays, from the date of this circular up to and including the date of the EGM at the principal place of business of the Company at Suite 2208–09, 22/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong:

- (a) the memorandum and articles of association of the Company;
- (b) the “Letter from the Board”, the text of which is set out on pages 6 to 30 of this circular;
- (c) the “Letter from the Independent Board Committee”, the text of which is set out on pages 31 to 32 of this circular;
- (d) the “Letter from the Independent Financial Adviser”, the text of which is set out on pages 33 to 56 of this circular;
- (e) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (f) the written consent referred to in the paragraph headed “Expert and Consent” in this appendix;
- (g) the HK Yinger CB Subscription Agreement and the Zheyin Tianqin CB Subscription Agreement; and
- (h) this circular.

NOTICE OF THE EGM



GREEN INTERNATIONAL

Holdings Limited

格林國際控股有限公司

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Green International Holdings Limited (the “**Company**”) will be held at Conference Room, Suite 2208-09, 22/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Monday, 19 March 2018 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the entering into of the subscription agreement (the “**HK Yinger CB Subscription Agreement**”, a copy of which has been produced to this meeting marked “A” and signed by the chairman of this meeting for the purpose of identification) dated 26 January 2018 by Hong Kong Sheen Smile International Investment Limited (“**HK Yinger**”) as subscriber and the Company as issuer in relation to the subscription by HK Yinger of 3% per annum convertible bonds (the “**HK Yinger Convertible Bonds**”) in the principal amount of HK\$120,000,000 to be issued by the Company due on the second anniversary of the date of issue carrying a conversion right entitling their holders to subscribe for 705,882,352 Shares (the “**HK Yinger Conversion Shares**”) at the initial conversion price of HK\$0.17 per ordinary share in the Company (“**Share**”) (subject to adjustments in accordance with the terms and conditions of the HK Yinger Convertible Bonds), and all transactions contemplated thereunder and all other matters thereof and incidental thereto and in connection therewith, be and are hereby generally and unconditionally approved, confirmed and ratified in all respects;

NOTICE OF THE EGM

- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Listing Committee**”) granting the listing of, and permission to deal in the HK Yinger Conversion Shares, the directors (the “**Directors**”) of the Company be and are hereby (i) authorised to issue the HK Yinger Convertible Bonds to HK Yinger; (ii) granted a specific mandate (the “**HK Yinger Specific Mandate**”) to allot and issue the HK Yinger Conversion Shares on the terms and subject to the conditions of the HK Yinger Convertible Bonds, such HK Yinger Specific Mandate being in addition to and not prejudicing or revoking any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution; and
- (c) the Directors be and are hereby generally and unconditionally authorized to do all such acts or things and execute and deliver all such documents, instruments and agreements which they consider necessary, desirable or expedient to give effect to the transactions contemplated by the HK Yinger CB Subscription Agreement, the issue of the HK Yinger Convertible Bonds and the allotment and issue of the HK Yinger Conversion Shares, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company;

2. THAT:

- (a) the entering into of the subscription agreement (the “**Zheyin Tianqin CB Subscription Agreement**”, a copy of which has been produced to this meeting marked “B” and signed by the chairman of this meeting for the purpose of identification) dated 26 January 2018 by 浙銀天勤(深圳)投資有限公司 (Zheyin Tianqin (Shenzhen) Investment Limited*) (“**Zheyin Tianqin**”) as subscriber and the Company as issuer in relation to the subscription by Zheyin Tianqin of 6% per annum convertible bonds (the “**Zheyin Tianqin Convertible Bonds**”) in the principal amount of HK\$60,000,000 to be issued by the Company due on the second anniversary of the date of issue carrying a conversion right entitling their holders to subscribe for 352,941,176 Shares (the “**Zheyin Tianqin Conversion Shares**”) at the initial conversion price of HK\$0.17 per Share (subject to adjustments in accordance with the terms and conditions of the Zheyin Tianqin Convertible Bonds), and all transactions contemplated thereunder and all other matters thereof and incidental thereto and in connection therewith, be and are hereby generally and unconditionally approved, confirmed and ratified in all respects;

NOTICE OF THE EGM

- (b) conditional upon the Listing Committee granting the listing of, and permission to deal in the Zheyin Tianqin Conversion Shares, the Directors be and are hereby (i) authorised to issue the Zheyin Tianqin Convertible Bonds to Zheyin Tianqin; (ii) granted a specific mandate (the “**Zheyin Tianqin Specific Mandate**”) to allot and issue the Zheyin Tianqin Conversion Shares on the terms and subject to the conditions of the Zheyin Tianqin Convertible Bonds, such Zheyin Tianqin Specific Mandate being in addition to and not prejudicing or revoking any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution; and
- (c) the Directors be and are hereby generally and unconditionally authorized to do all such acts or things and execute and deliver all such documents, instruments and agreements which they consider necessary, desirable or expedient to give effect to the transactions contemplated by the Zheyin Tianqin CB Subscription Agreement, the issue of the Zheyin Tianqin Convertible Bonds and the allotment and issue of the Zheyin Tianqin Conversion Shares, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company;

3. **THAT:**

- (a) the authorised share capital of the Company be and is hereby increased from HK\$40,000,000.00 divided into 4,000,000,000 Shares to HK\$200,000,000.00 divided into 20,000,000,000 Shares by the creation of additional 16,000,000,000 Shares; and
- (b) any one Director be authorized on behalf of the Company to do all such acts and things and execute and deliver all such documents which he considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the foregoing.”

By order of the Board
Green International Holdings Limited
Zeng Xiang Di
Chief Executive Officer

Hong Kong, 28 February 2018

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Suite 2208-09, 22/F.
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

NOTICE OF THE EGM

Notes:

1. *A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.*
2. *In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members.*
3. *In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney or other person duly authorized, and must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding of the EGM.*
4. *Completion and return of the form of proxy will not preclude members from attending and voting at the EGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.*
5. *In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, all resolutions to be proposed at the EGM convened by this notice will be voted on by way of poll.*
6. *As at the date of this announcement, the executive Directors are Dr. Yu Qigang (Chairman), Mr. Zeng Xiang Di (Chief Executive Officer), Mr. Yang Wang Jian, Mr. Chen Hanhong and Ms. Eva Au; the non-executive Director is Ms. Yu Jiaoli; and the independent non-executive Directors are Mr. Wu Hong, Mr. David Tsoi, Mr. Wang Chunlin and Ms. Sun Zhili.*