

Dated the 6th day of May 2015

**GRAND CONCORD INTERNATIONAL HOLDINGS LIMITED
(THE “COMPANY”)**

and

**PING AN SECURITIES LIMITED
(THE “PLACING AGENT”)**

PLACING AGREEMENT

in respect of Convertible Bonds of

GRAND CONCORD INTERNATIONAL HOLDINGS LIMITED

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THIS AGREEMENT is made on the 6th day of May 2015

PARTIES

- 1) **GRAND CONCORD INTERNATIONAL HOLDINGS LIMITED**, a company incorporated in the British Virgin Islands and whose headquarters and principal place of business in Hong Kong is situated at Unit B, 15/F, 78 Hung To Road, Kwun Tong, Kowloon, Hong Kong (the "**Company**"); and
- 2) **PING AN SECURITIES LIMITED**, a company incorporated in Hong Kong with limited liability having its registered office at Unit 02, 2/F, China Merchants Building, 152-155 Connaught Road Central, Hong Kong (the "**Placing Agent**")

WHEREAS

- (A) The Company was incorporated in the British Virgin Islands with limited liability.
- (B) The Company has at the date of this Agreement an authorised share capital of 1,000,000,000 shares (the "**Shares**") of which 380,000,000 Shares have been issued and are fully paid or credited as fully paid up.
- (C) The Company has agreed to appoint the Placing Agent as the placing agent and the Placing Agent has agreed to procure subscribers to subscribe for the Bonds, on a best effort basis, on the terms and conditions set out in this Agreement.
- (D) Application will be made to the Stock Exchange by or on behalf of the Company for the listing of and permission to deal in the Conversion Shares.

NOW IT IS HEREBY AGREED as follows:-

1. INTERPRETATION

- 1.1 The Schedules form an integral part of this Agreement and shall be construed and have the same full force and effect as if expressly set out in the main body of this Agreement.
- 1.2 The words and expressions set out below shall have the meanings attributed to them below unless the context otherwise requires:-

"Accounts" the latest published audited consolidated accounts of the Company and its subsidiaries comprising their consolidated balance sheet as at 31 December 2014 and their consolidated income statement in respect of the financial year ended 31 December 2014;

"Agreement" this placing agreement as amended or varied from time to time by an agreement in writing duly executed by the Parties;

“Announcement”	the announcement to be published by the Company as soon as practicable following the execution of this Agreement;
“Bondholder”	person who is for the time being the registered holder of a Bond;
“Bonds”	convertible Bonds for the principal amounts aggregating up to HK\$50,000,000 to be issued by the Company under this Agreement with the benefit of and subject to the provisions of the Conditions, and each a “Bond” ;
“Business Day”	a day, other than a Saturday and a day on which a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours;
“Certificate”	the certificate to be issued in respect of the Bonds substantially in the form set out in Schedule 3 ;
“Closing Date”	27 May 2015 or such other date as agreed in writing by the Company and the Placing Agent in respect of the Placing;
“Companies WUMP Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong);
“Completion”	completion of the transaction contemplated herein pursuant to Clauses 4.1 and 5;
“Conditions”	the terms and conditions to be attached to the Certificate substantially in the form set out in Schedule 3 (with such minor amendments thereto as the Parties may agree), and “Condition” refers to the relative numbered paragraph of the Conditions;
“Conditions Precedent”	the conditions precedent set out in Clause 3.1;
“Conversion Date”	the date on which the Conversion Rights are exercised in accordance with Conditions 25 to 26 of the Bond;

“Conversion Rights”	the rights attached to the Bonds to convert the same or a part thereof into Conversion Shares;
“Conversion Shares”	the Shares to be issued by the Company upon exercise by a Bondholder of the Conversion Rights (subject to a maximum of 76,000,000 Shares);
“Directors”	the directors of the Company;
“Equity Share Capital”	the issued share capital of the Company excluding any part thereof which does not either as respects dividends or as respects capital carry any right to participate beyond a specified amount or beyond an amount calculated by reference to a specified rate in a distribution;
“General Mandate”	the mandate granted to the Directors on 27 May 2014 at the annual general meeting of the Company to allot, issue and deal with additional shares not exceeding 20% of the issued share capital of the Company as at the date of the annual general meeting;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Committee”	listing sub-committee of the board of the Stock Exchange;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Ordinary Shares”	ordinary shares of no par value in the share capital of the Company;
“Parties”	the named Parties to this Agreement and their respective successors and permitted assigns;
“Placee”	any professional, institutional or other investors procured by or on behalf of the Placing Agent to subscribe for the Bonds pursuant to the Placing Agent’s obligations hereunder;

“Placing Agent’s Warranties”	the representations, warranties and undertakings of the Placing Agent under Clause 8A and Schedule 2.
“Securities Act”	the United States Securities Act of 1933, as amended;
“SFC”	the Securities and Futures Commission of Hong Kong
“Shares”	Ordinary Shares and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) shares or stock in the Equity Share Capital resulting from any sub-division, consolidation or re-classification of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“US”	the United States of America; and
“Warranties”	the representations, warranties and undertakings of the Company under Clause 8 and Schedule 1.

1.3 Except as otherwise expressly provided, expressions defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) have the same meaning in this Agreement.

1.4 A reference to a statute or statutory provision includes a reference:-

1.4.1 to that statute or provision as from time to time modified or re-enacted;

1.4.2 to any repealed statute or statutory provision which it re-enacts (with or without modification); and

1.4.3 to any orders, regulations, instruments or other subordinate legislation made under the relevant statute or statutory provision.

1.5 Unless the context otherwise requires:-

1.5.1 words in the singular include the plural, and vice versa;

1.5.2 words importing any gender include all genders; and

1.5.3 a reference to a person includes a reference to a body corporate and to an

unincorporated body of persons.

- 1.6 A reference to a Clause, Sub-Clause or Schedule is to a clause, sub-clause or schedule (as the case may be) of or to this Agreement.
- 1.7 The headings are for convenience only and do not affect interpretation.
- 1.8 The definitions adopted in the recitals apply throughout this Agreement.

2. APPOINTMENT OF PLACING AGENT

2.1 Appointment of placing agent

Subject to the provisions of this Agreement, the Company hereby appoints the Placing Agent, and the Placing Agent agrees and undertakes to act as placing agent to procure, on a best effort basis, not less than six Placees for the subscription of the Bonds at a subscription price equal to the 100% of the principal amount of the Bonds (together with such Hong Kong stamp duty, the stock trading fee, transaction levy and investor compensation levy imposed by the SFC and brokerage commission as may be payable by the Placees, if any) in accordance with the provisions of this Agreement.

- 2.2 The choice of Placee for the Bonds shall be determined by the Placing Agent, subject to the requirements of the Listing Rules and the selling restrictions and other terms and conditions contained in this Agreement, provided that no Bonds shall be offered to or placed in circumstances which would constitute an offer to the public in Hong Kong within the meaning of the Companies WUMP Ordinance or in any other place or in any manner in which the securities laws or regulations of any place may be infringed, nor shall the Bonds be placed in the US or to any US person or person acting for the account or benefit of a US person (as defined in Regulation S under the Securities Act), except in a circumstance in which an exemption from the registration requirements under Rule 144A, Section 4(2) and/or Regulation D of the Securities Act is applicable.
- 2.3 The Company agrees and acknowledges that the Placing will be effected by the Placing Agent on a best effort basis and the Placing Agent shall not have any underwriting obligations or any liabilities in respect of any Bonds for which no Placees have been procured.

3. CONDITIONS PRECEDENT

3.1 Placement of the Bonds

Completion of subscription of the Bonds is conditional upon:

- (i) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval of listing of and permission to deal in all the Conversion Shares which may fall to be allotted and issued upon the exercise of the conversion right attaching to the Bonds; and

- (ii) each of the Company and the Placing Agent having obtained all necessary consents and approvals in respect of this agreement and the transactions contemplated thereunder (including the issue of the Bonds)

3.2 Fulfilment

The Company and the Placing Agent shall each use their respective best endeavours to procure the fulfilment of the conditions set out in Clause 3.1 above on or before 26 May 2015 and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may reasonably be required by each other, the Stock Exchange or the SFC in connection with the fulfilment of such conditions and the Company will inform the Placing Agent promptly following the fulfilment of the same.

- 3.3 If the Conditions are not fulfilled by 5:00 p.m. on 26 May 2015 (or such other date as agreed between the Company and the Placing Agent in writing), this Agreement shall forthwith cease and terminate and neither the Company nor Placing Agent shall have any claim against each other, save for any antecedent breach.

4. COMPLETION

- 4.1 Subject to the fulfilment of the Conditions Precedent and the performance by the Placing Agent of its obligations under Clause 5.2, completion of subscription of the Bonds shall occur on the Closing Date at such time as the Parties may agree.
- 4.2 Completion under Clause 4.1 above shall take place at the principal place of business of the Placing Agent at Unit 02, 2/F, China Merchants Building, 152-155 Connaught Road Central, Hong Kong or such other venue as the Parties may agree.

5. OBLIGATIONS OF THE PARTIES

5.1 Company's Obligations

Subject to the fulfilment of the Conditions Precedent and performance by the Placing Agent of its obligations under Clause 5.2 below, the Company shall, on Completion:

- (i) issue to the Placing Agent or the Placees as the Placing Agent may direct (PROVIDED THAT the Placing Agent shall, on or before the 3rd Business Day before the Closing Date, have provided the Company with a list of Placees containing reasonable particulars of such Placees and the amount of Bonds to be issued to them), the Bonds and shall promptly thereafter register the Placing Agent or the Placees and/or their respective nominees as a Bondholder and shall cause to be delivered to the Placing Agent or the Placee Certificates in respect thereof in the name of the Placing Agent or the Placees or as the Placing Agent may direct; and
- (ii) deliver to the Placing Agent or the Placees as the Placing Agent may direct, certified copies of the resolutions of the Directors (or a duly appointed committee of the Directors) approving the issue of the Bonds pursuant to sub-clause (i) above.

5.2 Placing Agent's Obligations

Subject to the fulfilment of Conditions Precedent, the Placing Agent shall on the Closing Date make or procure the making of payment in Hong Kong dollars for value of the aggregate principal amount of the Bonds it has successfully placed (subject only to the deduction therefrom of the placing fee referred to in Clause 7.1) to the bank account nominated for the purpose by the Company not less than 3 Business Days prior to the Closing Date or in such other manner as may be agreed between the Parties, which shall constitute a complete discharge of the Placing Agent's obligations in respect thereof, save in respect of any obligations under Clause 6.

6. UNDERTAKINGS

6.1 Company's Undertakings

The Company hereby undertakes to the Placing Agent to provide the Placing Agent, at its reasonable request, with all such information known to it or which on reasonable enquiry ought to be known to it and relating to the Group as may be reasonably required by the Placing Agent in connection with the Placing for the purposes of, without limitation, complying with all requirements of applicable law (including any due diligence defences) or of the Stock Exchange or of the SFC.

6.2 Placing Agent's Undertakings

The Placing Agent hereby undertakes to the Company that:

- (i) in each jurisdiction in which the Placing Agent solicits subscription for the Bonds, the Placing Agent will do so in accordance with all relevant laws or regulations in force in such jurisdiction. The Bonds shall not be offered to or placed in circumstances which would constitute an offer to the public in Hong Kong within the meanings of the Companies WUMP Ordinance or in any other place or in any manner in which the securities laws or regulations of any place may be infringed;
- (ii) the Placing Agent will procure, on a best effort basis, not less than six Placees for the subscription of the Bonds at a subscription price equal to the 100% of the principal amount of the Bonds that such Placees have agreed to subscribe upon and subject to the terms and conditions of this Agreement;
- (iii) it will ensure that each Placee will subscribe for the Bonds on the Conditions (subject only to any amendments previously approved by the Company);
- (iv) it will ensure that the Placees are professional, institutional and/or private investors and it receives a confirmation from each Placee that each of the Placee and its ultimate beneficial owner is independent of and not connected with the directors, chief executive, or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules) or parties acting in concert with any of them (as defined in the

Takeovers Code) or connected persons (as defined in the Listing Rules) of the Company or;

- (v) it will whether before or after Completion promptly submit and provide such information regarding the Placees and/or the Placing as may be required by the Stock Exchange, the SFC and/or the relevant regulatory authority or governmental agency in Hong Kong to the Stock Exchange, the SFC and/or the relevant regulatory authority or governmental agency in Hong Kong;
- (vi) it will procure that any sub-placing agent or other person through whom it may effect the Placing or offer any Bonds shall observe the provisions of this Clause 6.2;
- (vii) the Placing Agent will ensure the fulfillment and compliance of all applicable rules and regulations of the Stock Exchange and the SFC in relation to its role as placing agent for the Placing, and, if required, will issue appropriate written confirmation of such fulfillment and compliance;
- (viii) the Placing Agent has not made and will not make to any person to whom the Bonds may be offered any representation or statement regarding the Company, the Group or the financial or business position or prospects of the Company or the Group which was not or is not at the time of making the same been disclosed to the public in writing;
- (ix) none of the Placees to be procured by the Placing Agent falls or will, upon Completion, fall under the category of a "US person" under the Securities Act;
- (x) it will require and use its reasonable endeavours to procure sub-placing agent or other person through whom it may, directly or indirectly, effect the Placing or offer any Bonds to observe the provisions of this Agreement; and
- (xi) the Placing Agent and its ultimate beneficial owners are not connected with the Company and its connected persons or any of their respective associates.

7. PAYMENT OF FEES, COMMISSIONS AND EXPENSES

7.1 In consideration of the services of the Placing Agent in relation to the Placing, the Company shall pay to the Placing Agent (and, for this purpose, the Placing Agent shall be entitled to deduct out of the subscription monies for the Bonds) placing commission, in Hong Kong dollars, being calculated as a fee of:

- (i) 6.5 per cent of the aggregate subscription monies for the Bonds placed and/or subscribed by the Placing Agent;
- (ii) documentation fee of HK\$250,000; and
- (iii) reasonable out-of-pocket expenses incurred by the Placing Agent in respect of the Placing up to the limit of HK\$1,000.

7.2 If this Agreement is rescinded pursuant to Clause 11 or if for any other reason the Placing is not completed, the Company is not required to pay any commission, fees and/or expenses referred to Clause 7.1.

8. COMPANY'S REPRESENTATION, WARRANTIES AND UNDERTAKINGS

8.1 The Company hereby represents and warrants to the Placing Agent in the terms set out in this Clause 8 and Schedule 1.

8.2 All the Conversion Shares will be issued and allotted under the General Mandate.

8.3 The Company agrees and acknowledges that the Placing Agent is entering into this Agreement in reliance on the Warranties.

8.4 The Warranties shall be deemed to be repeated on the Closing Date as if given or made on such date, with reference in each case to the facts and circumstances then subsisting and shall remain in full force and effect up to and until Completion. The Company undertakes to notify the Placing Agent of any matter or event coming to its attention prior to Closing Date which shows or may show any of the representations, warranties and undertakings to be or to have been untrue, inaccurate or misleading in any material respects.

8.5 The Company shall not, and shall procure that no member of the Group shall at any time prior to or on the Closing Date, do or omit to do anything which may cause any of the representations, warranties and undertakings set out in this Clause to be untrue in any material respects.

8A. PLACING AGENT'S REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

8A.1 The Placing Agent hereby represents and warrants to the Company in the terms set out in this Clause 8A and Schedule 2.

8A.2 The Placing Agent agrees and acknowledges that the Company is entering into this Agreement in reliance on the Placing Agent's Warranties.

8A.3 The Placing Agent's Warranties shall be deemed to be repeated on the Closing Date as if given or made on such date, with reference in each case to the facts and circumstances then subsisting and shall remain in full force and effect up to and until Completion. The Placing Agent undertakes to notify the Company of any matter or event coming to its attention prior to Closing Date which shows or may show any of the Placing Agent's Warranties to be or to have been untrue, inaccurate or misleading in any material respects.

8A.4 The Placing Agent shall not at any time prior to or on the Closing Date, do or omit to do anything which may cause any of the Placing Agent's Warranties to be untrue in any material respects.

9. INDEMNITY

The Company hereby undertakes to indemnify the Placing Agent against all or any reasonable costs, expenses (including legal fees as they are incurred), fees, claims, actions, liabilities, demands, proceedings or judgments brought or established or threatened to be brought or established against the Placing Agent directly or indirectly arising out of or in connection with any material breach of any of the Warranties which the Placing Agent may reasonably pay or incur in defending any claim, action or other proceedings in respect of which indemnity may be sought against the Company in accordance with this Clause (except for any loss, costs, charge or expense suffered or incurred directly or indirectly as a result of or in connection with any fraud, default or negligence on the part of the Placing Agent and the sub-placing agent or as a result of any breach of any provision of this Agreement by the Placing Agent, and the sub-placing agent or any of its/his affiliates and other person(s) (where appropriate) through whom it/he may directly or indirectly effect the Placing or offer any Bonds).

10. RESTRICTIONS ON COMMUNICATIONS AND ANNOUNCEMENTS

- 10.1 Each of the Parties hereto undertakes to the other that it shall not at any time after the date of this Agreement divulge or communicate to any person other than to its professional advisers, or when required by law, the Listing Rules or any rule of any relevant stock exchange body, or to its respective officers or employees whose province it is to know the same any confidential information concerning the business, accounts, finance or contractual arrangements or other dealings, transactions or affairs of the other which may be within or may come to its knowledge in connection with the transactions contemplated by this Agreement and it shall use its best endeavours to prevent the publication or disclosure of any such confidential information concerning such matters. This restriction shall not apply to information or knowledge which is or which properly comes into the public domain, through no fault of any of the Parties to this Agreement or to information or knowledge which is already known to the Placing Agent at the time of its receipt.
- 10.2 Each of the Parties hereto undertakes that it shall not at any time (save as required by law or the Listing Rules or any rule of any relevant stock exchange or regulatory body) make any announcement in connection with this Agreement unless the other Party hereto shall have given its consent to such announcement (which consent may not be unreasonably withheld or delayed and may be given either generally or in a specific case or cases and may be subject to conditions). If any Party is required by law or the Listing Rules or any rule of any relevant stock exchange or regulatory body to make any announcement in connection with this Agreement, the other Party agrees to supply all relevant information relating to itself that is within its knowledge or in its possession as may be reasonably necessary or as may be required by any relevant exchange and regulatory body to be included in the announcement.

11. RESCISSION

- 11.1 If any of the following events shall occur at any time prior to 5:00 p.m. on the Business Day prior to the Closing Date, the Placing Agent may, by giving a written notice to the Company, at any time prior to 5:00 p.m. on the Business Day prior to the Closing Date, rescind this Agreement without liability to the other Parties hereto

and, subject to Clauses 10, 11, 15 and 16 which shall continue, this Agreement shall thereupon cease to have effect and none of the Parties hereto shall have any rights or claims by reason thereof:-

- (i) if there has come to the notice and in the reasonable opinion of the Placing Agent:-
 - (a) any material breach of the Warranties; or
 - (b) any material breach of any of the obligations imposed upon the Company; or
 - (c) any act or thing done by or omission of any member of the Group otherwise than in the ordinary course of business whereby any of the Warranties would not be true in any material respect if given at that time;
- (ii) if there develops, occurs, or comes into effect the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the reasonable opinion of the Placing Agent would materially prejudice the success of the Placing; or
- (iii) if there is introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof which materially and adversely affects the business or financial performance of the Company or any member of the Group.

12. GENERAL PROVISIONS RELATING TO AGREEMENT

- 12.1 Any date or period in this Agreement may be changed by written agreement of the Parties.
- 12.2 Each of the Parties undertakes to the other to execute all such documents and to do or procure to be done all such other acts and things as may be necessary to give the other Party the full benefit of this Agreement.
- 12.3 This Agreement shall be binding on and enure for the benefit of the successors of the Parties but shall not be assignable other than, in the case of the Placing Agent, to the Placees which the Placing Agent has procured to subscribe for the Bonds in accordance with Clause 2.
- 12.4 Any right or remedy conferred on any Party for breach of this Agreement (including the material breach of any Warranties) shall be in addition and without prejudice to

all other rights and remedies available to it in respect of that material breach and the exercise of or failure to exercise any right or remedy in respect of such material breach shall not, save as provided herein, constitute a waiver by such Party of any other right or remedy it may have in respect of that breach.

- 12.5 Any provision of this Agreement which is capable of being performed after Completion but which has not been performed at or before Completion shall remain in full force and effect notwithstanding Completion has taken place.
- 12.6 This Agreement constitutes the entire agreement between the Parties with respect to its subject matter (no Party having relied on any representation or warranty made by the other Party with respect thereto which is not contained in this Agreement) and this Agreement supersedes all and any previous agreements, arrangements or understandings between the Parties relating to the matters referred to in this Agreement and all such previous agreements, arrangements or understandings (if any) shall cease and determine with effect from the date hereof.
- 12.7 No variation of this Agreement shall be effective unless made in writing and signed by both Parties.
- 12.8 If at any time any provision of this Agreement is or becomes illegal, void or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.
- 12.9 This Agreement may be executed by the Parties hereto in any number of counterparts and on separate counterparts, each of which when so executed shall be deemed an original but all of which shall constitute one and the same instrument and be binding on all Parties.

13. COSTS AND EXPENSES

Each Party shall bear its own legal and other costs and expenses incurred in connection with the preparation, negotiation and settlement of this Agreement. Capital or stamp duty (if any) relating to the issue and delivery of the Bonds to the initial Placees or the Placing Agent shall be borne by the Company.

14. TIME OF ESSENCE

Time shall be of the essence of this Agreement.

15. NOTICES

15.1 Addresses

All notices delivered hereunder shall be in writing in the English language and shall be communicated to the following addresses and/or facsimile numbers:

If to the Company:

Address: Unit B, 15/F, 78 Hung To Road, Kwun Tong, Kowloon,

Facsimile no.: Hong Kong
(852) 2838 4483
Attention: The Board of Directors

If to the Placing Agent:

Address: Unit 02, 2/F, China Merchants Building, 152-155
Connaught Road Central, Hong Kong
Facsimile no.: (852) 2200-7676
Attention: Mr. Luke Ho

15.2 Services

Any such notice shall be served either by hand or by facsimile. Any notice shall be deemed to have been served, if served by hand, when delivered, and if sent by facsimile on receipt of confirmation of transmission. Any notice received on a day which is not a Business Day shall be deemed to be received on the next Business Day.

16. GOVERNING LAW AND JURISDICTION

16.1 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Hong Kong, for the time being in force and the Parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts in Hong Kong.

AS WITNESS the hands of the duly authorised representatives of the Parties hereto the day and year first above written.

SIGNED by
for and on behalf of
GRAND CONCORD INTERNATIONAL HOLDINGS LIMITED
in the presence of:-

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SIGNED by
for and on behalf of
PING AN SECURITIES LIMITED
in the presence of:-

)
)
)
)



SCHEDULE 1

COMPANY'S WARRANTIES

1. The Agreement and the Bonds

- 1.1 Save as mentioned in this Agreement and subject to the fulfilment of the conditions set out in Clause 3.1, the Company has the authority to enter into and perform this Agreement and that in entering into this Agreement, the Company does not do so in breach of any existing obligation or applicable legislation or regulations (including the rules and regulations of the Stock Exchange) subject only to the fulfilment of the conditions set out in Clause 3.1 which at Completion shall have been fulfilled.
- 1.2 The Company has full power and authority to issue the Bonds and perform its obligations thereunder subject only to the fulfilment of the conditions set out in Clause 3.1 which at Completion shall have been fulfilled.
- 1.3 Subject to the fulfilment of the conditions set out in Clause 3.1 which at Completion shall have been fulfilled, all necessary consents authorisations and approvals of and all necessary registrations and filings with any governmental or regulatory agency or body required in Hong Kong, the British Virgin Islands or any relevant jurisdiction for or in connection with this Agreement, the issue of the Bonds and the performance of the terms thereof have been obtained or made or will have been obtained or made by Completion.
- 1.4 Subject to the fulfilment of the conditions set out in Clause 3.1 which at Completion shall have been fulfilled, the execution and performance of this Agreement, the issue of the Bonds will not infringe and will not be contrary to any laws or regulations of any governmental or regulatory body of Hong Kong, the British Virgin Islands or any relevant jurisdiction or any order or award of any court or arbitration tribunal, as the case may be, and will not result in any breach of the terms of the Company's memorandum and articles of association or constitute a default under any deed, agreement, mortgage or other instrument to which any member of the Group is a party including, but not limiting to, any bank or loan facility or agreement.
- 1.5 This Agreement shall constitute the legal, valid and binding obligations of the Company enforceable against the Company in accordance with its terms.
- 1.6 Upon Completion, (a) the Bonds shall be duly authorised and validly issued, and (b) the Placees shall acquire good and valid title to the Bonds free and clear from any encumbrance.

2. The Company

- 2.1 The Company is duly incorporated and validly existing in good standing under the laws of the British Virgin Islands.
- 2.2 The Ordinary Shares in the existing issued share capital of the Company are listed

on the Stock Exchange and the Company is not aware of any circumstance whereby such listing will be suspended, cancelled or revoked after Completion as a result of the transactions contemplated by this Agreement.

- 2.3 The Company's authorised share capital consists of 1,000,000,000 Ordinary Shares, of which 380,000,000 Ordinary Shares are in issue as at the date hereof. All of the issued Shares have been duly authorised and validly issued and are fully paid or credited as fully paid. The Listing Committee has granted listing of, and permission to deal in, the Ordinary Shares in issue, and the issued Ordinary Shares are listed and traded on the Stock Exchange.

3. Accounts

The Accounts have been prepared in accordance with the requirements of all relevant statutes and generally accepted accounting principles and practice in Hong Kong which have been consistently adopted and applied and are accurate in all material respects and show a true and fair view of the state of affairs of the Group at the Accounts Date and of its results and profits for the financial period ending on the Accounts Date.

4. Regulatory Compliance

Each member of the Group has been duly incorporated, is validly existing as a corporation under the laws of the jurisdiction of its incorporation, has the corporate power and authority and all necessary permits to own its property and to conduct its business as currently conducted by it and is duly qualified to transact business.

5. Insolvency

- 5.1 To the best of the Directors' knowledge, no order has been made or petition presented or resolution passed for the winding up of any member of the Group, nor has any distress, execution or other process been levied against any member of the Group or action taken to repossess goods in the possession of any member of the Group.
- 5.2 To the best of the Directors' knowledge, no steps have been taken by any person for the appointment of an administrator or receiver of any property of any member of the Group.

SCHEDULE 1

PLACING AGENT'S WARRANTIES

1. The Placing Agent has the authority, power, capacity and right to enter into and perform its obligations under this Agreement which, upon execution and delivery, will constitute legal, valid and binding obligations of itself enforceable against it in accordance with its terms.
2. All necessary consents, authorisations and approvals of and all necessary registrations and filings with any governmental or regulatory agency or body required in connection with the Placing Agent for or in connection with this Agreement and the Bonds and the performance of the terms thereof have been obtained or made or will have been obtained or made by Completion.
3. The Placing Agent is and shall remain an independent third party not connected with the Company, any of the directors, chief executive or substantial shareholders of the Company or any of the Company or its subsidiaries or their respective associates (within the meaning ascribed thereto in the Listing Rules) and does not and shall not constitute a connected person (within the meaning ascribed thereto in the Listing Rules) of the Company.

SCHEDULE 3
FORM OF CERTIFICATE

GRAND CONCORD INTERNATIONAL HOLDINGS LIMITED

(Incorporated in British Virgin Islands with limited liability)

6 % CONVERTIBLE BONDS AGGREGATING UP TO HK\$50,000,000

Issued pursuant to the Memorandum of Association and Articles of Association of Grand Concord International Holdings Limited (the "Company") and a resolution of its Board of Directors passed on the [•] day of [•] 2015 and of its shareholders passed on the 27th day of May 2014.

THIS IS TO CERTIFY

that [*name] of [*address] is, at the date hereof, entered in the register of holders of the 6% convertible Bond due [•] day of [•] 2016 (the "**Bond**") as the holder of the Bond with a principal amount of HK\$[•]. The Bond is issued with the benefit of and subject to the terms and conditions attached hereto which shall form an integral part of this Certificate.

GIVEN under the Seal of the Company this [•] day of [•] 2015.

Director

Secretary/Director

Notes:-

The Bond cannot be transferred to bearer on delivery and is only transferable to the extent permitted by Condition 6 of the terms and conditions thereof. This Certificate must be delivered to the secretary of Grand Concord International Holdings Limited for cancellation and re-issue of an appropriate certificate in the event of any such transfer.

for identification purpose only

(For endorsement in the event of partial conversion)

Date

Amount Converted

Amount Outstanding

TERMS AND CONDITIONS OF THE BONDS

The Bonds shall be held subject to and with the benefit of the terms and conditions set out below and such terms and conditions shall be binding on Grand Concord International Holdings Limited (the “**Company**”) and registered holders of the Bond (the “**Bondholder**”). Expressions defined in the Placing Agreement (the “**Agreement**”) dated 6 May 2015 between Ping An Securities Limited and the Company relating to the Bonds shall bear the same meaning in this Certificate:

FORM AND TITLE

Form

1. The Bond is in registered form and represented by Bond certificate (the “**Certificate**”) in which the principal amount is specified. Each Bond and each Certificate will be numbered serially with an identifying number. The Certificate will be recorded in the register of Bondholders (the “**Register**”) which the Company will keep in compliance with Condition 9.

Title

2. Title to the Bond passes by transfer and registration in the Register described in Conditions 6 to 8. The registered holder of any Bond will (except as otherwise required by applicable law or statutory requirements) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such holders. Any Bond held jointly shall be delivered to that one of the joint holders whose name stands first in the Register in respect of the joint holding.

PERIOD

3. Subject as provided herein, the Company shall repay such principal moneys outstanding under the Bonds to the Bondholder together with all interest accrued in relation to the outstanding Bonds thereon up to and including the day of expiry of 12 months from the date of issue of this Bond, provided that if such day is not a business day, the business day immediately after such date (the “**Maturity Date**”).
4. Subject as provided herein, each Bondholder will have the right (the “**Conversion Rights**”) to convert the whole or part of the principal amount of the Bond into Shares at the Conversion Price (as defined in Condition 14) at any time commencing from 1 June 2015 and up to and including the 14th day immediately preceding the Maturity Date (the “**Conversion Period**”).

STATUS AND TRANSFER

5. The obligations of the Company arising under the Bonds constitute general, unsecured obligations of the Company, and will rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law. No application will be made for a listing of

the Bonds on any stock or securities exchange.

6. The Bonds are assignable and transferable subject to the applicable laws and regulations, and the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) PROVIDED THAT no assignment or transfer shall be made to a connected person (within the meaning ascribed thereto in the Listing Rules) of the Company without the prior approval of the Company and PROVIDED FURTHER THAT the principal amount to be assigned or transferred is at least HK\$100,000 and in integral multiples of HK\$100,000 unless the outstanding principal amount of the Bonds is less than HK\$100,000 in which case the whole (but not part only) of that amount may be assigned and transferred..
7. The Bonds may only be transferred by execution of a form of transfer (the “**Transfer Form**”) in or substantially in the form annexed hereto as Annexure I, which previously agreed between the Company and the Bondholder under the hand of the transferor and the transferee (or their duly authorised representatives) or, where either the transferor or transferee is a corporation, under its common seal (if any) and under the hand of one of its officers duly authorised in writing or otherwise executed by a duly authorised officer thereof. In this Condition 7, “**transferor**” shall, where the context permits or requires, include joint transferors or shall be construed accordingly.
8. The certificate of the Bond must be delivered for registration to the Company accompanied by (i) a duly executed Transfer Form; (ii) in the case of the execution of the Transfer Form on behalf of a corporation by its officers, the authority of that person or those persons to do so; (iii) such other evidence (including legal opinions) as the Company may reasonably require if the Transfer Form is executed by some other person on behalf of the Bondholder; and (iv) a written confirmation from the proposed transferee (or its duly authorized representative) that the proposed transferee is not a connected person of the Company. The Company shall, within 7 Business Days of receipt of such documents from the Bondholder, cancel the existing Certificate and issue a new Certificate under the seal of the Company, in favour of the transferee or assignee as applicable. Any reasonable costs and expenses properly incurred by the Company in connection with any assignment or transfer of the Bond shall be borne by the relevant Bondholder.
9. The Company shall maintain and keep a full and complete Register at such location outside Hong Kong as it shall from time to time determine from time to time recording its conversion and/or cancellation and the destruction of any replacement Bonds issued in substitution for any mutilated, defaced, lost, stolen or destroyed Bonds and of sufficient identification details of all Bondholders from time to time holding the Bonds. The Company shall further procure that such register shall be made available to any Bondholder for inspection at all reasonable times.

INTEREST

10. Subject to Condition 11, the Bonds will bear interest from the date of issue at the rate of six (6) per cent. per annum on the principal amount of the Bond from time to time outstanding, which subject as provided herein, will be calculated on the basis of 365-day year and the number of actual days elapsed, and be payable by the Company on the Maturity Date.
11. In the event that the Bondholder has converted part or whole of the principal amount of the Bond, the Bondholder shall not be entitled to any accrued or future interest in respect of such part or whole of the principal amount of the Bond.

PAYMENTS

12. All payments by the Company shall be made in Hong Kong Dollars. Payment of the principal in respect of the Bond will be made on the Maturity Date by way of the Company's cheque drawn on a licensed bank in Hong Kong to be delivered to the Bondholder according to Condition 30. Payments of interest in respect of the part or the whole of the principal amount of the Bond which has not been converted into Shares during the Conversion Period shall be paid on the Maturity Date, by way of the Company's cheque drawn on a licensed bank in Hong Kong to be delivered to the Bondholder according to Condition 30.
13. If the due date for payment of any amount in respect of the Bond is not a Business Day, the Bondholder will be entitled to payment on the next following Business Day in the same manner and will not be entitled to any further interest or other payment in respect of any such delay.

CONVERSION

14. The Bondholder may at any time during the Conversion Period, in compliance with the provisions of Conditions 25 & 26, require the Company to convert the whole or any part of the principal amount outstanding (in minimum amount of HK\$100,000 or whole multiple thereof) under the Bond into Shares ("**Conversion Shares**") at the conversion price of HK\$1.386 per Share (the "**Conversion Price**") subject to adjustments as hereinafter described. The Conversion Shares shall be allotted and issued in the name of the Bondholder or such other persons nominated by it pursuant to such conversion PROVIDED THAT such nominated person is not a connected person (within the meaning ascribed thereto in the Listing Rules) of the Company unless the Company has given its prior approval; and shall be delivered to the Bondholder within seven (7) Business Days after the date of presentation of the relevant original Certificate. No fraction of a Share will be issued on conversion and no cash adjustments will be made in respect thereof. The Conversion Shares shall be entitled to all dividends, bonuses and other distributions the record date of which falls on a date on or after the date of issue and allotment of the Conversion Shares. The Conversion Shares shall rank pari passu in respect of the voting rights with all other Shares in issue date of issue and allotment of the Conversion Shares except that they will not rank for any voting rights where the entitlement to voting rights accrues to the shareholders by reference to a record date which precedes the date of issue and allotment of the Conversion Shares.

- 14.1 The right of the Bondholder to repayment of the principal amount of the Bond, interest and premium (if any), being converted shall be extinguished and released upon exercise of the Conversion Rights in respect thereof.
- 14.2 The Bondholder shall not exercise any Conversion Rights to such an extent that results or will result in (i) the Bondholder and parties acting in concert with it will trigger a mandatory offer obligation under the Takeovers Code; or (ii) less than 25% or the minimum prescribed percentage as set out in the Listing Rules of the Company's issued shares would be held by the public immediately after the relevant exercise of Conversion Rights.
- 14.3 No Conversion Rights may be exercised by any person who is a restricted holder (where a Bondholder who is a resident or national of any jurisdiction other than Hong Kong under the laws and regulations of which an exercise of the Conversion Rights by such Bondholder or the performance by the Company of the obligations expressed to be assumed by it under the Conditions or the allotment and issue and holding of the Conversion Shares cannot be carried out lawfully or cannot be carried out lawfully without the Company first having to take certain actions in such jurisdiction), and the exercise of any Conversion Rights by the Bondholder shall constitute a confirmation, representation and warranty by it to the Company that it is not a restricted holder and that all necessary governmental, regulatory or other consents or approvals and all formalities have been obtained and observed by it to enable it to exercise legally and validly the relevant Conversion Rights, to hold the Conversion Shares allotted and issued upon exercise of the Conversion Rights, and the Company to legally and validly allot and issue the Conversion Shares.
- 14A. Notwithstanding Condition 14, in the event that the number of Conversion Shares fall to be issued upon the exercise of the Conversion Rights based on the Conversion Price as adjusted in accordance with Conditions 15 to 23 exceeds 76,000,000 Shares that are issuable under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 27 May 2014 to allot or otherwise deal with the unissued Shares (the shortfall Conversion Shares shall be referred to as "**Exceeded Conversion Shares**"), the Conversion Rights attached to the principal amount of the Bonds attributable to the Exceeded Conversion Shares (which shall be calculated by multiplying the number of Exceeded Conversion Shares with the then Conversion Price) shall cease. Under such circumstances, the Company will process the conversion notices in respect of exercise of Conversion Rights attached to the Bonds received after the effective date of the adjustments on a first-come-first-served basis (provided that the maximum aggregate number of Conversion Shares that can be allotted and issued under the Bonds shall not exceed 76,000,000 Shares) and the relevant Bondholder (of the Bonds attributable to the Exceeded Conversion Shares) will receive redemption amount in cash for such principal amount and accrued interest on the earlier of (i) the Maturity Date, and (ii) the date on which the Company early redeems the Bonds.

REDEMPTION

- 14B. The Bonds shall not be redeemed (in whole or in part) at the option of the Company commencing from the date of issue of the Bond up to and including the day immediately before the Maturity Date.
- 14C. Any principal amount of the Bonds which has not been converted in accordance with the terms and conditions of the Bond by the Maturity Date shall be redeemed by the Company on the Maturity Date at a redemption amount equal to 100% of the principal amount of the outstanding Bonds (together with all interest accrued thereon).

ADJUSTMENTS

15. Subject as hereinafter provided, the Conversion Price shall from time to time be adjusted in accordance with the following relevant provisions so that if the event giving rise to any such adjustment shall be capable of falling within more than one of Conditions 15.1 to 15.6 inclusive, then it shall deemed to fall within the first of the applicable paragraphs to the exclusion of the remaining paragraphs:-

15.1 If and whenever the Shares by reason of any consolidation or sub-division, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the revised number of issued Shares after such consolidation or sub-division and dividing the result by the former number of issued Shares. Each such adjustment shall be effective from the close of business in Hong Kong on the date on which the consolidation or sub-division becomes effective.

15.2 If and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the aggregate number of the issued Shares immediately before such issue and dividing the result by the sum of such aggregate number of issued Shares and the aggregate number of Shares issued in such capitalisation. Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for such issue.

15.3 If and whenever the Company shall make any Capital Distribution (as defined in Condition 16) to holders (in their capacity as such) of Shares (whether on a reduction of capital or otherwise) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries, the Conversion Price in force immediately prior to such distribution or grant shall be adjusted by multiplying it by the following fraction:-

$$\frac{A - B}{A}$$

where:-

- A = the market price (as defined in Condition 16) on the date on which the Capital Distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) next preceding the date of the Capital Distribution or, as the case may be, of the grant; and
- B = the fair market value on the day of such announcement or (as the case may require) the next preceding day, as determined in good faith by an approved merchant bank, of the portion of the Capital Distribution or of such rights which is attributable to one Share,

Provided that:-

- (a) if in the opinion of the relevant approved merchant bank, the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine (and in such event the above formula shall be construed as if B meant) the amount of the said market price which should properly be attributed to the value of the Capital Distribution or rights; and
- (b) the provisions of this Condition 15.3 shall not apply in relation to the issue of Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for the Capital Distribution or grant.

- 15.4 If and whenever the Company shall offer to holders of Shares new Shares for subscription by way of rights issue or open offer, or shall grant to holders of Shares any options or warrants to subscribe for new Shares, at a price which is less than 80% of the market price at the date of the announcement of the terms of the offer or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by a fraction of which the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate of the amount (if any) payable for the rights, options or warrants and of the amount payable for the total number of new Shares comprised therein would purchase at such market price and the denominator is the number of Shares in issue immediately before the date of such announcement plus the aggregate number of Shares offered for subscription or comprised in the options or warrants (such adjustment to become effective (if appropriate retroactively) from the commencement of the day next following the record date for the offer or grant).
- 15.5 If and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares:

- (a) if the Total Effective Consideration per Share (as defined below) initially receivable for such securities is less than 80% of the market price at the date of the announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by a fraction of which the numerator is the number of Shares in issue immediately before the date of the issue plus the number of Shares which the Total Effective Consideration receivable for the securities issued would purchase at such market price and the denominator is the number of Shares in issue immediately before the date of the issue plus the number of Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities at the initial conversion or exchange rate or subscription price. Such adjustment shall become effective (if appropriate retrospectively) from the close of business in Hong Kong on the Business Day next preceding whichever is the earlier (i) the date on which the issue is announced and (ii) the date on which the issuer determines the conversion or exchange rate or subscription price.
- (b) if and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in Condition 15.5(a) are modified so that the Total Effective Consideration per Share initially receivable for such securities shall be less than 80% of the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by a fraction of which the numerator is the number of Shares in issue immediately before the date of such modification plus the number of Shares which the Total Effective Consideration receivable for the securities issued at the modified conversion or exchange price would purchase at market price, and of which the denominator is the number of Shares in issue immediately before such date of modification plus the number of Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such securities at the modified conversion or exchange rate or subscription price. Such adjustment shall become effective as at the date upon which such modification shall take effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purposes where it is adjusted to take account of rights or capitalisation issues and other events normally giving rise to adjustment of conversion or exchange terms.
- (c) for the purposes of Condition 15.5, the “**Total Effective Consideration**” receivable for the securities issued shall be deemed to be the consideration receivable by the Company for any such securities plus the additional minimum consideration (if any) to be received by the Company upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the “**Total Effective Consideration per Share**” initially receivable for

such securities shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

- 15.6 If and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than 80% of the market price at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of such announcement by a fraction of which the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate amount payable for the issue would purchase at such market price, and the denominator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares so issued. Such adjustment shall become effective on the date of the issue.
16. For the purposes of the provisions under the heading “ADJUSTMENTS” (for the avoidance of doubt, including Conditions 15 to 23):-

“announcement” shall include the publication of an announcement on the Stock Exchange’s and/or the Company’s website or the delivery or transmission by telephone, facsimile or otherwise of an announcement to the Stock Exchange and “date of announcement” shall mean the date on which the announcement is first so released, delivered or transmitted;

“approved merchant bank” means a merchant bank of repute in Hong Kong selected by the Company for the purpose of providing a specific opinion or calculation or determination hereunder;

“Capital Distribution” shall (without prejudice to the generality of that phrase) include distributions in cash or specie. Any dividend charged or provided for in the accounts for any financial period shall (whenever paid and however described) be deemed to be a Capital Distribution PROVIDED THAT (i) any such dividend shall be automatically deemed not a Capital Distribution if it is paid out of the aggregate of the net profits (less losses) attributable to the holders of Shares for all financial periods after 31 December 2014 as shown in the audited consolidated profit and loss account of the Company and its subsidiaries for each

such financial period; and (ii) any dividend which has been proposed or declared by the Directors prior to the date of issuance of the Bonds (including but not limited to the proposed final dividend of HK2 cents in respect of the financial year ended 31 December 2014 announced on 26 March 2015) shall be deemed not a Capital Contribution;

“issue”	shall include allot;
“market price”	means the average of the closing prices of one Share on the Stock Exchange for each of the last five Stock Exchange dealing days on which dealings in the Shares on the Stock Exchange took place ending on the last such dealing day preceding the day on or as of which the market price is to be ascertained;
“reserves”	includes unappropriated profits;
“rights”	includes rights in whatsoever form issued; and
“Shares”	includes, for the purposes of Shares comprised in any issue, distribution or grant pursuant to Conditions 15.3, 15.4, 15.5 or 15.6, any such ordinary shares of the Company as, when fully paid, will be Shares.

17. The provisions of Conditions 15.2, 15.3, 15.4, 15.5 and 15.6 shall not apply to:-
- 17.1 an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon exercise of any rights (including any conversion of the Bond) to acquire Shares provided that an adjustment has been made under the provisions under the heading “ADJUSTMENTS” in respect of the issue of such securities or granting of such rights (as the case may be);
 - 17.2 [Deleted]
 - 17.3 an issue of Shares or other securities of the Company or any subsidiary of the Company wholly or partly convertible into, or rights to acquire Shares to officers or employees of the Company or any of its subsidiaries pursuant to any employee or executive share scheme (which is in compliance with the Listing Rules, or if applicable, similar rules and regulations of an alternative stock exchange);
 - 17.4 an issue by the Company of Shares or by the Company or any subsidiary of

the Company of securities wholly or partly convertible into or rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business provided that an adjustment has been made (if appropriate) under the provisions under the heading "ADJUSTMENTS" in respect of the issue of such securities or granting of such rights (as the case maybe);

- 17.5 an issue of fully paid Shares by way of capitalisation of all or part of any subscription right reserve, or any similar reserve which has been or may be established pursuant to the terms of any securities wholly or partly convertible into or rights to acquire Shares; or
- 17.6 an issue of Shares pursuant to a scrip dividend scheme where an amount is capitalised and the market value of such Shares is not more than 120 per cent. of the amount of dividend which holders of the Shares could elect to or would otherwise receive in cash, for which purpose the "market value" of a Share shall mean the average of the closing prices for such Stock Exchange dealing days on which dealings in the Shares took place (being not less than five such days) as are selected by the directors of the Company in connection with determining the basis of allotment in respect of the relevant scrip dividend and which fall within the period of one month ending on the last day on which holders of Shares may elect to receive or (as the case may be) not to receive the relevant dividend in cash.
18. In no event shall any adjustment (otherwise than upon the consolidation of Shares) involve an increase in the Conversion Price. In addition to any determination, which may be made by the directors of the Company, every adjustment to the Conversion Price shall be certified either (at the option of the Company) by the auditors of the Company for the time being or by an approved merchant bank.
19. Notwithstanding anything contained herein, no adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced in accordance with the provisions of Conditions 15 and 17 would be less than one cent, and any adjustment that would otherwise be required then to be made shall not be carried forward.
20. If the Company or any subsidiary of the Company shall in any way modify the rights attached to any share or loan capital so as wholly or partly to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire, Shares, the Company shall appoint an approved merchant bank to consider whether any adjustment to the Conversion Price is appropriate (and if such approved merchant bank shall certify that any such adjustment is appropriate the Conversion Price shall be adjusted accordingly and the provisions of Conditions 18, 19 and 22 shall apply).
21. Notwithstanding the provisions of Condition 15, in any circumstances where the directors of the Company shall consider that an adjustment to the Conversion Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Conversion Price should be made notwithstanding that no such adjustment is required under the said provisions or that

an adjustment should take effect on a different date or with a different time from that provided for under the provisions, the Company may appoint an approved merchant bank to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner including without limitation, making an adjustment calculated on a different basis) and/or the adjustment shall take effect from such other date and/or time as shall be certified by such approved merchant bank to be in its opinion appropriate.

22. Whenever the Conversion Price is adjusted as herein provided, the Company shall give notice to the Bondholders that the Conversion Price has been adjusted (setting forth the event giving rise to the adjustment, the adjustment Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof) and shall at all times thereafter so long as the Bond remains outstanding make available for inspection at its principal place of business in Hong Kong a signed copy of the said certificate of the auditors of the Company or (as the case may be) of the relevant approved merchant bank and a certificate signed by a director of the Company setting forth brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof and shall, on request, send a copy thereof to the Bondholder.
23. [Deleted]

PROTECTION OF THE BONDHOLDER

24. So long as any principal amount of the Bond is outstanding, and subject to any approvals otherwise given in writing by the Bondholder(s) holding 50% or more of the aggregate principal amount of all outstanding Bonds (such approval shall not be unreasonably withheld or delayed):-
- 24.1 the Company shall keep available for issue, free from pre-emptive rights, sufficient unissued Shares to satisfy in full the Conversion Rights at the Conversion Price from time to time and all other rights for the time being outstanding of subscription for and conversion into Shares;
- 24.2 the Company shall not in any way modify the rights attached to the Shares as a class or attach any special restrictions thereto;
- 24.3 the Company shall not issue or pay up any securities by way of capitalisation of profits or reserves other than (i) by the issue of fully paid Shares to holders of its Shares; or (ii) as mentioned in Condition 17.5; or (iii) by the issue of Shares in lieu of a cash dividend in the manner referred to in Condition 17.6;
- 24.4 the Company shall not create or permit to be in issue any Equity Share Capital other than Shares, provided that nothing in this Condition 24.4 shall prevent (i) any consolidation or sub-division of the Shares; or (ii) the issue of

Equity Share Capital which does not participate in dividend before a certain date or in respect of a certain financial period but is pari passu in all other respects with the Shares; or (iii) the issue of Shares or Equity Share Capital to officers or employees of the Company or any of its subsidiaries pursuant to an employee or executive share or share option schemes; or (iv) the issue of Shares or Equity Share Capital pursuant to the conversion of any convertible bonds or preference shares issued by the Company prior to the signing of the Agreement (if any);

- 24.5 the Company shall procure that (i) no securities issued by the Company shall be converted into Shares or exchanged for Shares except in accordance with the terms of issue thereof, and (ii) no securities issued by the Company without rights to convert into Shares or to be exchanged for Shares shall subsequently be granted such rights PROVIDED that the provisions set out in (i) and (ii) shall not apply to the issue of the Bonds to other Bondholders;
- 24.6 [Deleted]
- 24.7 if an offer is made to the holders of Shares (or such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire all or a proportion of the Shares, the Company shall forthwith give notice of such offer to the Bondholder and use all its reasonable endeavours to procure that a similar offer is extended in respect of the Bond or in respect of any Shares issued on conversion of the Bond during the period of the offer;
- 24.8 the Company shall not make any distribution in specie to holders of Shares;
- 24.9 the Company shall not subject as hereinafter provided, make any reduction or redemption of share capital, share premium account or capital redemption reserve involving the repayment of money to shareholders (other than to shareholders having the right on a winding-up to a return of capital in priority to the holders of Shares) or reduce any uncalled liability in respect thereof unless, in any such case, the same gives rise (or would, but for the provisions of Conditions 19 or 21 give rise) to an adjustment of the Conversion Price in accordance with the provisions under the heading "ADJUSTMENTS";
- 24.10 the Company shall use its best endeavours (a) to maintain a listing for all the issued Shares on the Stock Exchange or on such other equivalent internationally recognised stock exchange (a "**recognised stock exchange**") as the Company may from time to time determine (b) to obtain and maintain a listing on the Stock Exchange (or a recognised stock exchange) for all the Shares issued on the exercise of the Conversion Rights attaching to the Bond and (c) to obtain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bond on any other stock exchange on which any of the Shares are for the time being listed and will forthwith give notice to the holder of the Bond in accordance with Condition 30 of the listing or delisting of the Shares by any such stock exchange;

- 24.11 as soon as possible and in any event not later than 14 Business Days after the announcement of the terms of any issue referred to in the provisions under the heading "ADJUSTMENTS" give notice to the Bondholder advising it of the date on which the relevant adjustment of the Conversion Price is likely to become effective and of the effect of exercising their Conversion Rights pending such date;
- 24.12 the Company shall comply with and procure the compliance of all conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for approval of the issue of the Bond or for the listing of and permission to deal in the Shares issued or to be issued on the exercise of the Conversion Rights and to ensure the continued compliance thereof;
- 24.13 the Company shall ensure that all Shares issued upon conversion of the Bond will be duly and validly issued fully paid and registered in the name of the Bondholder or its nominee(s); and
- 24.14 the Company shall not enter into any deed, agreement, assignment, instrument or documents whatsoever which may result in any breach of the terms of the Bond.

PROCEDURE FOR CONVERSION

25. The Conversion Right may, subject as provided herein, be exercised on any Business Day during the Conversion Period by the Bondholder delivering to the principal place of business of the Company in Hong Kong a written notice stating the outstanding principal amount of the Bond that the Bondholder intends to convert together with the Certificate. The conversion notice shall be in the form annexed to Annexure II of these Conditions. The Bondholder shall be responsible for payment of all taxes and stamp duty, issue and registration duties (if any) and Stock Exchange levies and charges (if any) arising on conversion.
26. The Shares arising on conversion shall be allotted and issued by the Company to the Bondholder or as it may direct within 14 Business Days after, and with effect from, the date the Conversion Notice is served by the Bondholder, and certificates for the Shares to which the Bondholder shall become entitled in consequence of exercising his Conversion Rights shall be issued in board lots and (if appropriate) together with an endorsement on the Certificate by a director of the Company for any balance of the Bond not converted.

EVENTS OF DEFAULT

27. If any of the following events occur, a Bondholder may, prior to the Maturity Date, give notice to the Company that the Bond is, and it shall on the giving of such notice immediately become, due and payable at its principal amount together with any accrued interest calculated up to and including the date of repayment:

27.1 [Deleted]

- 27.2 the Company defaults in performance or observance or compliance with any of its other obligations set out herein which default is incapable of remedy or, if capable of remedy, is not in the reasonable opinion of the Bondholder remedied within 30 Business Days after notice of such default shall have been given to the Company by such Bondholder; or
- 27.3 any bank borrowings of the Company, or its subsidiaries (“Major Subsidiaries”) with net asset value as shown in the respective latest published accounts thereof amounts to 50% or more of that of the Company are not paid when due, or as the case may be, within any applicable grace period; or
- 27.4 the Company or its Major Subsidiaries fails to pay when due or expressed to be due any amounts payable or expressed to be payable by it under any present or future guarantee for any moneys borrowed from or raised through a financial institution; or
- 27.5 an encumbrancer takes possession or a receiver, manager or other similar officer is appointed on the whole or any substantial part of the undertaking, property, assets or revenues of the Company or its Major Subsidiaries; or
- 27.6 the Company or any of its Major Subsidiaries becomes insolvent or is unable to pay its debts as they mature or applies for consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or its Major Subsidiaries on the whole or any part of the undertaking, property, assets or revenues of the Company or its Major Subsidiaries or takes any proceeding under any law for readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors; or
- 27.7 an order is made or an effective resolution passed for winding-up of the Company or any of its Major Subsidiaries except in the case of winding-up for the purpose of the reorganisation of the Group structure of the Company and its Major Subsidiaries; or
- 27.8 a moratorium is agreed or declared in respect of any indebtedness of the Company or any of its Major Subsidiaries or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or any of its Major Subsidiaries; or
- 27.9 suspension of trading of the Shares on the Stock Exchange or a recognised stock exchange for a continuous period of 20 Business Days and which will constitute a material adverse effect on the Group’s business, operations, assets, financial condition, PROVIDED THAT any suspension of trading as a result of, or in circumstances where (i) an offer made to holders of Shares (or such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) being made to the Company for the acquisition of all or any proportion of the Shares or such an offer becoming unconditional; or (ii) the Company is required to make an

announcement pursuant to Chapter 14 and 14A of the Listing Rules or Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); or

27.10 the Shares (as a class) cease to be listed on the Stock Exchange or a recognised stock exchange.

The Company will forthwith on becoming aware of any such event as is mentioned in this Condition 27 give notice in writing thereof to the Bondholder. At any time after the Bond has become payable the Bondholder may without further notice institute such proceedings as it may think fit to enforce payment of the monies due.

VOTING

28. The Bondholder shall not be entitled to attend or vote at any general meetings of the Company by reason only it being the Bondholder.

EXPERTS

29. In giving any certificate or making any adjustment hereunder, the auditors of the Company or (as the case may be) the approved merchant bank shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their decision shall be conclusive and binding on the Company and the Bondholder and all persons claiming through or under them respectively.

NOTICES

30. Any notice required or permitted to be given shall be given by delivering it to the party:-

30.1 in the case of Bondholder, to his address as specified in the Register, and

30.2 in the case of the Company, to its principal place of business in Hong Kong for the time being, which as at the date of this Certificate is Unit B, 15/F, 78 Hung To Road, Kwun Tong, Kowloon, Hong Kong,

or to such other address as the party concerned may have notified to the other party pursuant to this Condition 30 and may be given by sending it by hand or in a prepaid envelope by registered mail to such address or (in either case) to such other address as the party concerned may have notified to the other parties in accordance with this Condition 30 and such notice shall be deemed to be served at the time of delivery or (as the case may be) 2 Business Days (local post) or 7 Business Days (overseas post) after posting, or if sooner upon acknowledgement of receipt by or on behalf of the party to which it is addressed.

AMENDMENT

31. The terms and conditions of the Bonds may be varied, expanded or amended by agreement in writing between the Company and the Bondholder, subject however to the approval of the Stock Exchange, except where the alteration takes effect

automatically under the terms of the Bonds.

GOVERNING LAW AND JURISDICTION

32. The Bonds and the terms of the Bonds are governed by and shall be construed in accordance with Hong Kong law and the parties agree to submit to the non-exclusive jurisdiction of the courts of Hong Kong.

Annexure I
FORM OF TRANSFER

FORM OF TRANSFER
[To be attached to the Conditions]

To: GRAND CONCORD INTERNATIONAL HOLDINGS LIMITED (the “**Company**”)

I/We am/are the holder of the one (1) year 6% coupon convertible bond (the “**Bond**”) in the principal sum of HK\$[•] issued by the company on [•].

References in this Transfer Form to “**Conditions**” are to the terms and conditions on which the Bonds were issued, as the same may have been amended from time to time pursuant to the terms thereof. Terms defined in the Conditions will have the same meaning herein, save where the context otherwise requires.

1. I/We hereby transfer [all/part (only in an integral multiple of the amount specified in Condition [•])] of the Bond in respect of which the attached certificate is issued, to:

Of/whose registered office address is at*

(the “**Transferee**”)

Pursuant to Condition 8(iv) I/we hereby confirm that the Transferee is not a connected person (as defined under the Listing Rules).

2. Total face value and certificate number of the transferred Bond:

Total face value to be transferred

Certificate number of certificate for Bond being transferred

3. Total face value of Bond to be retained:

4. I/We hereby request that a Certificate in respect of the face value of the Bond transferred (as referred to in paragraph 2 above) be issued to the person(s) whose name(s) and address(es) are set out in paragraph 1 above and that such certificate:

*(a) be dispatched by registered mail to the person whose name and address are given below and in the manner specified below:

Name:

Address:

*(b) if no name and address are given in (a) above, be made available for collection at the principal place of business of the Company in Hong Kong for the time being.

5. The Certificate in respect of the transferred Bond (as referred to in paragraph 2 above) is enclosed with this Transfer Form.

6. We hereby request that a certificate in respect of the face value of the Bond to be retained by me/us as set out in paragraph 3 above be issued to the person(s) whose name(s) and address(es) is/are set out below:

Name:

Address:

And that such certificate:

*(a) be dispatched by registered mail to the person whose name and address are given below and in the manner specified below:

Name:

Address:

*(b) if no name and address are given in (a) above, be made available for collection at the principal place of business of the Company in Hong Kong for the time being.

7. The registered account of the Transferee (being a HK\$ account) for the purposes of receipt of any amounts in respect of the Bond is (unless otherwise instructed by the Transferee) as follows:

Name of Account :

Account No. :

Sort Code :

Name of Bank :

Address of Bank :

**delete as appropriate*

(complete if only transferring part of the Bond of which the transferring Bondholder is the holder, otherwise delete.)

Name of Transferor :

Signature of Transferor :

Date :

Name of Transferee :

Signature of transferee :

Date :

Annexure II
FORM OF CONVERSION NOTICE

Terms defined in the Certificate relating to the Bond (as may be amended) shall bear the same meaning in this Conversion Notice.

The undersigned hereby irrevocably elects to convert the following face value of the Bond into shares of GRAND CONCORD INTERNATIONAL HOLDINGS LIMITED in accordance with the terms and conditions of the Bond and the terms below.

Face value: _____
(the Bond must be attached to this notice)

Exercise Date: _____
(the date this notice is given)

Applicable Conversion Price: _____

Name in which Shares to be issued: _____

Address of shareholder: _____

Signature of Bondholder: _____

Name of Bondholder: _____

Dated