

THIS AGREEMENT is made the 22nd February 2017

BETWEEN:-

- (1) **CHINA CANDY HOLDINGS LIMITED** 中國糖果控股有限公司, a company incorporated in the Cayman Islands with limited liability with its registered office at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and whose principal place of business is at Room 1603, 16/F, China Building, 29 Queen's Road Central, Central, Hong Kong ("**Company**"); and
- (2) **HEAD & SHOULDERS SECURITIES LIMITED** 聯合證券有限公司, a company incorporated in Hong Kong with limited liability with its registered office at Room 2511, 25/F, Cosco Tower, 183 Queen' s Road Central, Hong Kong ("**Placing Agent**")

WHEREAS :-

- (A) The Company has at the date of this Agreement an authorised share capital of HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each, of which 1,340,000,000 Shares have been issued and are fully paid or credited as fully paid up.
- (B) At the annual general meeting of the Company held on 4 May 2016, a resolution was passed pursuant to which a general mandate ("**General Mandate**") was unconditionally given to the directors of the Company to allot, issue or otherwise deal with new Shares of up to 20% of the total number of the issued Shares then existing, i.e. a total of 268,000,000 Shares. No new Shares have been issued under the General Mandate since its grant.
- (C) All the issued Shares are currently listed on the Growth Enterprise Market of Stock Exchange ("**GEM**").
- (D) The Company proposes to offer for subscription and the Placing Agent has agreed to procure, as agent of the Company, the Placees (as subscribers) to subscribe for the Placing Shares on a best endeavour basis on the terms and subject to the conditions hereinafter mentioned.

IT IS HEREBY AGREED:-

1. INTERPRETATION

- (A) In this Agreement, including the recitals and schedule hereto, unless the context otherwise requires:

"**Announcement**" means an announcement in the agreed form annexed or contained in the Schedule proposed to be issued on behalf of the Company immediately following the execution of this Agreement;

"**Business Day**" means a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted

or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours;

“**CCASS**” means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;

“**Completion Date**” means the third Business Day following the day on which the conditions set out in Clauses 2.1(A) , (B) and (C) are satisfied (or such later date as may be agreed between the parties hereto);

“**GEM**” means the Growth Enterprise Market of the Stock Exchange

“**GEM Listing Rules**” means the Rules Governing the Listing of Securities on the GEM;

“**General Mandate**” means the general mandate granted to the board of directors of the Company pursuant to the ordinary resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 4th May 2016 to allot, issue and deal with Shares up to 20% of the then issued share capital of the Company (being 1,340,000,000 Shares) as at the date of passing such resolution, which is equivalent to 268,000,000 Shares;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**Long Stop Date**” means 14 March 2017 or such later date as the Company and the Placing Agent may agree in writing;

“**Memorandum and Articles of Associations**” means the memorandum and articles of associations for the time being of the Company;

“**Placee(s)**” means any professional institutional or other investor independent of and not connected with the Company, the connected persons of the Company and their respective associates procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations hereunder;

“**Placing**” means the placing of the Placing Shares by the Placing Agent on the terms and subject to the conditions of this Agreement;

“**Placing Price**” means HK\$0.148 per Placing Share;

“**Placing Shares**” means a total of up to 268,000,000 new Shares to be placed pursuant to this Agreement;

“**SFC**” means the Securities and Futures Commission of Hong Kong;

"**Shares**" means ordinary shares of HK\$0.01 each in the issued share capital of the Company;

"**Specified Event**" means an event occurring or matter arising on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of the undertakings, warranties and representations contained in Clause 4(A) untrue or incorrect and such would have an adverse impact or effect on the Placing;

"**Stock Exchange**" means The Stock Exchange of Hong Kong Limited;

"**This Agreement**" means this placing agreement, as amended from time to time; and

"**HK\$**" means Hong Kong dollars, the lawful currency of Hong Kong.

- (B) In this Agreement, references herein to "Clauses" and the "Schedule" are to clauses of and the schedule to this Agreement.
- (C) In this Agreement, the singular includes the plural and vice versa, words importing gender or the neuter include both genders and the neuter and references to persons include bodies corporate, unincorporated associations and partnerships.
- (D) Headings inserted are for convenience only and shall not affect the interpretation of this Agreement.

2. CONDITIONS

2.1 The Placing is conditional upon the following conditions being fulfilled on or before the Long Stop Date:

- (A) the passing by the Board of resolutions to approve this Agreement and the transactions contemplated thereunder;
- (B) the GEM Listing Committee having granted or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (C) this Agreement not having been terminated in accordance with its terms

2.2 The Company shall use its best endeavours to procure the fulfillment of the conditions referred to in Clauses 2.1(A), (B) and (C) and in the event the conditions referred to in Clauses 2.1 (A), (B) and (C) are not fulfilled by the Long Stop Date (or such later date as may be agreed between the Company and the Placing Agent in writing), the Placing Agreement shall terminate and all rights, obligations and liabilities of the parties hereunder in relation to the Placing shall cease and determine and the Placing Agent shall be released from all obligations pursuant to the Placing Agreement and neither of the parties shall have any claim against the others in respect of the Placing save

for any antecedent breach and/or any rights or obligations which may have accrued under this Agreement prior to such termination.

3. PLACING

- (A) Upon the terms and subject to the conditions set out in this Agreement, the Placing Agent agrees, as agent of the Company, to procure not less than six Placees on a best efforts basis to subscribe for the Placing Shares at the Placing Price during the period commencing from the date of this Agreement to the date falling on the third Business Day thereafter. For avoidance of doubt, the Placing Price shall exclude any brokerage commission, Security and Futures Commission transaction levy and Stock Exchange trading fee. The Placing Agent may carry out the Placing itself and/or through the agency of other agents. The Placing Agent shall procure that such other agents shall comply with all relevant obligations to which the Placing Agent is subject under the terms of this Agreement, and compliance with such obligations by any such other agents shall satisfy pro tanto the obligations of the Placing Agent in that respect.
- (B) The Company hereby appoints the Placing Agent as its exclusive agent to procure Placing for the Placing Shares on the terms and subject to the conditions set out in this Agreement. Any transaction properly carried out by the Placing Agent pursuant to this Agreement shall constitute a transaction carried out by the Placing Agent at the request of the Company and as its agent and not on account of or for the Placing Agent. The Placing Agent shall not be responsible for any loss or damage (except for any loss or damage arising out of any fraud, wilful default or negligence on the part of the Placing Agent, or any sub-agents appointed by the Placing Agent pursuant to Clause 3(A)) to the Company arising from any such transaction or for any alleged insufficiency of the price (other than as a result of non-compliance by the Placing Agent with its obligations under this Agreement) at which the Placing Shares are issued hereunder.
- (C) The Company hereby confirms that the foregoing appointment confers on the Placing Agent in accordance with the provisions hereof all powers, authorities and discretion on its behalf which are necessary for, or reasonably incidental to, the Placing and hereby agrees to ratify and confirm everything which the Placing Agent shall or may lawfully, properly and reasonably do or have done pursuant to or in anticipation of the terms of this Agreement.
- (D) The Company shall issue and allot the Placing Shares subject to the Memorandum and Articles of Associations by utilising the General Mandate free and clear from all liens, charges, encumbrances, claims, options and third party rights and with all rights attaching thereto as at the Completion Date, including the right to receive all future dividends and other distributions thereafter declared, made or paid on the Shares.
- (E) By no later than 5:00 p.m. on the third Business Day after the date of this Agreement (or such later date as agreed by the parties hereto), the Placing

Agent shall deliver to the Company a list of the Placees, the number of Placing Shares to be subscribed by each Placee, the names, addresses and denominations (in board lots or otherwise) in which the Placing Shares are to be registered and, where relevant, the CCASS accounts to which Placing Shares are to be credited. The choice of the Placees shall be determined by the Placing Agent at its sole discretion subject to the requirements of the GEM Listing Rules and any objection the Stock Exchange may have to any particular person or company being a Placee PROVIDED that the Placing Agent undertakes to use its best endeavours to procure that Placing Shares shall only be placed to person(s), firm(s) or company(ies) independent of the directors, chief executive, controlling shareholders and substantial shareholders of the Company and its subsidiaries and their respective associates (for the purposes of this Clause 3(E), “**chief executive**”, “**controlling shareholder**”, “**substantial shareholder**” and “**associates**” shall have the same meaning ascribed thereto respectively under Rule 1.01 of the GEM Listing Rules).

4. WARRANTIES AND UNDERTAKINGS

- (A) The Company represents, warrants and undertakes to the Placing Agent that:
- (i) the Placing Shares shall be issued and allotted in accordance with the Memorandum and Articles of Associations and with all relevant laws of Hong Kong and Cayman Islands and shall at the Completion Date, be free from all liens, charges, encumbrances and third-party rights of whatsoever nature and together with all rights attaching thereto at the Completion Date and thereafter;
 - (ii) subject to the fulfillment of the conditions referred to in Clauses 2.1 (A) and (B), the Company has full power, authority and shareholders’ consent to issue the Placing Shares and does not require the consent thereto of any other party;
 - (iii) the Company has power to enter into this Agreement and this Agreement has been duly authorised and executed by, and constitutes legal, valid and binding obligations of, the Company, enforceable against the Company in accordance with its terms; and
 - (iv) as at the date of this Agreement, the General Mandate has not been utilised or revoked.
- (B) The Placing Agent represents, warrants and undertakes to the Company that:
- (i) it has power to enter into this Agreement and this Agreement has been duly authorised and executed by, and constitutes legal, valid and binding obligations of the Placing Agent, enforceable against the Placing Agent in accordance with its terms;
 - (ii) it has not offered or sold and it shall not, directly or indirectly, offer or sell any Placing Shares or distribute or publish any documents in

relation to the Placing in any country or jurisdiction except under circumstances that shall result in compliance with any applicable laws and all offers and sales of Placing Shares shall be made on such terms;

- (iii) in each jurisdiction in which the Placing Agent solicits subscription for the Placing Shares the Placing Agent will do so in accordance with all relevant laws or regulations in force in such jurisdiction. The Placing Shares 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 (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or in any other place or in any manner in which the securities laws or regulations of any place may be infringed;
 - (iv) to the best knowledge, information and belief of the Placing Agent (after due and careful enquiries), the Placee(s) and their respective ultimate beneficial owners will be third party(ies) independent of the directors, chief executive, controlling shareholders and substantial shareholders of the Company and its subsidiaries and their respective associates (for the purposes of this Clause 4(B)(iv), **chief executive**”, **controlling shareholder**”, **substantial shareholder**” and **associates**” shall have the same meaning ascribed thereto respectively under Rule 1.01 of the GEM Listing Rules);
 - (v) the Placing Agent will make available and promptly supply, or procure the relevant Placee(s) to make available and promptly supply, to the Stock Exchange and the SFC in Hong Kong or any other regulatory authority all information in relation to the Placee(s) which may be required by the Stock Exchange, the SFC in Hong Kong and/or any other competent regulatory authority; and
 - (vi) the Placing Agent will ensure the fulfillment and compliance of all applicable rules and regulations of the Stock Exchange and if applicable rules and codes of 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.
- (C) The representations and warranties contained in this Clause are deemed to be given as at the date hereof and shall remain in full force and effect notwithstanding the allotment and issue of the Placing Shares to the Placees. Each party hereto hereby undertakes to notify the other parties to this Agreement of any matter or event coming to its attention prior to the Completion Date which shows any relevant representation or warranty to be or to have been untrue or inaccurate at the date hereof or at any time prior to the Completion Date.

5. COMPLETION

Completion of this Agreement shall take place at 4:00 pm on the Completion Date at the office of the Placing Agent in Hong Kong when all (but, not part only) of the following businesses shall be transacted:

- (A) the Placing Agent shall deliver to the Company a list containing details as specified by the Company of each of the Placee(s) and each of the Placing Agent(s) as appointed by it pursuant to Clause 3(A) (if any).
- (B) the Placing Agent shall on the Completion Date, make or procure the making of payment in Hong Kong dollars in immediately available funds to the Company of the aggregate Placing Price of the Placing Shares (less the amounts referred to in Clause 6) to such bank account as the Company may nominate in writing. Payment made by the Placing Agent into such bank account as nominated by the Company shall be a valid full and final, discharge of the Placing Agent's payment obligation under this Agreement.
- (C) the Company shall issue and allot to the Placees or their nominees such number of the Placing Shares subscribed by them and shall procure that, the Placees or their nominees are registered on the branch register of members of the Company in Hong Kong in respect thereof; and
- (D) the Company shall arrange to deliver to the Placing Agent on Completion Date the definitive share certificates in the form of jumbo certificate or in such denomination as the Placing Agent may instruct pursuant to Clause 3(E) issued in the name of the Placees or their nominees in respect of such number of Placing Shares to be subscribed by them respectively and in accordance with such instructions referred to above or arrange for the Placing Shares to be deposited into CCASS in accordance with such instructions.

6. COMMISSIONS AND EXPENSES

- (A) Subject to completion of this Agreement, the Company shall pay to the Placing Agent a placing commission, in Hong Kong dollars, of 2% of the amount which is equal to the Placing Price multiplied by the number of the Placing Shares, which the Placing Agent is hereby authorised to deduct from the payment to be made by it to the Company at Completion pursuant to Clause 5(B).
- (B) Subject to Clause 6(C), the Company shall pay all the costs relating to the Placing including but not limited to financial adviser's fee, all out-of-pocket expenses properly and reasonably incurred by the Placing Agent in connection with the Placing, the cost of publishing the Announcement, and all charges, fees and expenses of the Company's branch share registrar relating to the issue of certificates therefor, in board lots or otherwise, to the Placees.
- (C) Each of the parties hereto shall be respectively liable for its own legal and other professional advisers in connection with the preparation of this Agreement.

7. INDEMNIFICATION AND NO CLAIM

- 7.1 The Company undertakes to indemnify the Placing Agent and any person appointed as selling agent or sub-placing agent pursuant to Clause 3 (A) and each of their respective associates, directors and employees who shall have been involved in the Placing (the “**Indemnified Parties**”) against all or any claims, actions, liabilities, demands, proceedings or judgments (the “**Proceedings**”) brought or established against any of the Indemnified Parties by any subscriber or purchaser of any of the Placing Shares or by the Stock Exchange, any governmental authority, regulatory body or other person, directly or indirectly arising out of or in connection with the Placing or the performance or purported performance of any of the provisions of this Agreement and against all losses and all costs, charges and expenses (including legal fees as they are incurred) which any of the Indemnified Parties may suffer or incur (except for any loss, costs, charge or expense suffered or incurred directly or indirectly as a result of or in connection with any fraud, wilful default or negligence on the part of the Indemnified Parties), including, but not limited to, all such losses, costs charge or expenses suffered or incurred in disputing or defending any Proceedings and/or in establishing its right to be indemnified pursuant to this Clause and/or in seeking advice in relation to any Proceedings.
- 7.2 No claim shall be made against the Placing Agent or any other Indemnified Parties to recover any damage, cost, charge or expense which the Company may suffer or incur by reason of or arising from the carrying out by any of the Indemnified Parties of any act or omission in connection with the Placing except (a) for any loss or damage arising out of any fraud, wilful default or negligence on the part of the Placing Agent or any selling agent, sub-placing agent appointed by them pursuant to Clause 3 (A) and/or (b) as a result, directly or indirectly, or any non-compliance by any of the Placing Agent with its obligations under this Agreement.
- 7.3 Without prejudice to Clause 7.1, the Company shall indemnify and keep effectively indemnified the Placing Agent from and against all losses and damages which it may suffer, sustain or incur in connection with any of the warranties and representations contained in Clause 4(A) not being correct, complied with, fulfilled or performed in accordance with their terms.

8. TERMINATION

- (A) Notwithstanding anything contained in this Agreement to the contrary, the Placing Agent shall be entitled by notice in writing to the Company given prior to 6:00 p.m. on the day immediately preceding the Completion Date to terminate this Agreement if any Specified Event comes to the notice of the Placing Agent.
- (B) If notice is given pursuant to Clause 8(A), this Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of this Agreement save for any rights or obligations which may have accrued under this Agreement prior to such termination.

9. MISCELLANEOUS

- (A) All provisions of this Agreement shall so far as they are capable of being performed or observed continues in full force and effect notwithstanding completion of this Agreement except in respect of those matters then already performed.
- (B) This Agreement may be executed in two or more counterparts each of which shall be binding on the party who shall have executed in but which shall together constitute one agreement.
- (C) The Placing Agent may assign or transfer to any person or persons the benefit of the representations, warranties and undertakings contained herein (in whole or in part). The Company shall not assign or transfer any of its rights or obligations under this Agreement (all of which shall be incapable of assignment or transfer) or purport to do so.

10. NOTICES

- (A) Any notice, claim, demand, court process, document or other communication to be given under this Agreement (collectively "**communication**" in this Clause 10) shall be in writing in the English language and may be served or given personally or sent to the address (including cable address) or facsimile numbers (if any) stated after the relevant party's name at the beginning of this Agreement or, where relevant, to the registered office for the time being of the party to be served, or to such other address as may have been last notified in writing by such party to the party serving the communication specifically referring to this Agreement. All communications shall be served by the following means and the addressee of a communication shall be deemed to have received the same within the time stated adjacent to the relevant means of despatch:

<u>Means of despatch</u>	<u>Time of deemed receipt</u>
Local mail or courier	24 hours
Facsimile	on despatch
Air courier/Speedpost	3 days
Airmail	5 days

- (B) A communication served in accordance with Clause 10(A) shall be deemed sufficiently served and in proving service and/or receipt of a communication it shall be sufficient to prove that such communication was left at the addressee's address or that the envelope containing such communication was properly addressed and posted or despatched to the addressee's address or that the communication was properly transmitted by facsimile or cable to the addressee. In the case of facsimile transmission, such transmission shall be deemed properly transmitted on receipt of a satisfactory report of transmission printed out by the sending machine.

- (C) Nothing in this Clause 10 shall preclude the service of communication or the proof of such service by any mode permitted by law.

11. TIME OF ESSENCE

Time shall be of the essence of this Agreement.

12. COUNTERPART

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of parties hereto may execute this Agreement by signing any such counterparts.

13. GOVERNING LAW

- (A) This Agreement is governed by and shall be interpreted in accordance with the laws of Hong Kong.
- (B) The parties hereby submit to the non-exclusive jurisdiction of the courts of Hong Kong in connection herewith but this Agreement may be enforced in any court of competent jurisdiction.

IN WITNESS whereof the duly authorised representatives of the parties have executed this Agreement on the date first before appearing.

SCHEDULE

[Announcement]

EXECUTION PAGE

THE COMPANY

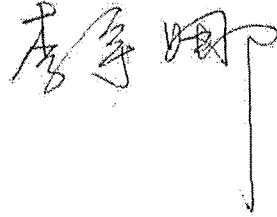
SIGNED by LI YUNA)

for and on behalf of)

CHINA CANDY HOLDINGS LIMITED)

中國糖果控股有限公司)

in the presence of:-)



THE PLACING AGENT

SIGNED by)

for and on behalf of)

HEAD & SHOULDERS SECURITIES)
LIMITED)

聯合證券有限公司)

in the presence of:-)

EXECUTION PAGE

THE COMPANY

SIGNED by)
)
for and on behalf of)
)
CHINA CANDY HOLDINGS LIMITED)
中國糖果控股有限公司)
)
in the presence of:-)

THE PLACING AGENT

SIGNED by *Wilson Chan*)
)
for and on behalf of)
)
HEAD & SHOULDERS SECURITIES)
LIMITED)
聯合證券有限公司)
)
in the presence of:- *Kevin Lam*)

John Selinger



DATE: 22nd February 2017

CHINA CANDY HOLDINGS LIMITED
中國糖果控股有限公司
(as Company)

and

HEAD & SHOULDERS SECURITIES LIMITED
聯合證券有限公司
(as Placing Agent)

**PLACING AGREEMENT
RELATING TO THE PLACING OF UP TO
268,000,000 NEW SHARES IN THE CAPITAL OF
CHINA CANDY HOLDINGS LIMITED**
