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Bolina

BOLINA HOLDING CO., LTD.

航標控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1190)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcements of Bolina Holding Co., Ltd. (the “**Company**”) dated 22 January 2017 (the “**January Announcement**”) and 2 May 2017 (the “**May Announcement**”) in respect of acquisition of 51% the issued share capital of the target company involving issue of new shares under general mandate. Capitalised terms used herein shall have the same meanings as those defined in the January Announcement and May Announcement unless defined otherwise herein. The Company noted certain mistakes in the January Announcement and May Announcement and wishes to make the following clarifications:

1. In the section headed “Consideration” in page 3 of the January Announcement, it should be read as follows (with amendments underlined):

The Consideration for the Acquisition is RMB71,500,000 (equivalent to approximately HK\$80,454,596) which will be satisfied in the following manner:

- (i) as to RMB14,300,000 (equivalent to approximately HK\$16,090,919) to be settled in cash after the issue and allotment of the Consideration Shares; and
 - (ii) as to RMB57,200,000 (equivalent to approximately HK\$64,363,677) to be settled by the issue and allotment of the Consideration Shares at the issue price of HK\$0.35 per Consideration Share by the Company to Vendors upon the conditions precedent being fulfilled.
2. In the section headed “The Consideration Shares” in page 3 of the January Announcement, the first paragraph should be read as follows (with amendments underlined):

Pursuant to the Sale and Purchase Agreement, the Consideration Shares shall be satisfied as to RMB57,200,000 (equivalent to approximately HK\$64,363,677) by the issue and allotment of the Consideration Shares at the issue price of HK\$0.35 per Consideration Share by the Company to the Vendors upon the conditions precedent being fulfilled.

3. In the section headed “Completion” in page 5 of the January Announcement, the first paragraph should be read as follows (with amendments underlined):

Completion shall take place immediately after the completion of the transfer of the Sale Shares to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement.

4. Regarding on the May Announcement, the Board would like to clarify that the Company has allotted and issued 183,896,220 Consideration Shares at the Issue Price to the Vendors on 2 May 2017, the transfer of Sale Shares to the Purchaser is not a condition precedent to the Sale and Purchase Agreement and the Company issued consideration shares before the completion of such transfer of Sale Shares. As such, for the headline of the May Announcement, it should be read as follows:

COMPLETION OF ISSUE OF NEW SHARES UNDER GENERAL MANDATE IN RELATION TO THE ACQUISITION OF 51% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY.

5. In the second paragraph of the May Announcement should be read as follows (with amendments underlined):

The Board is pleased to announce that the completion of issue of new shares under general mandate took place on 2 May 2017. The Company has allotted and issued 183,896,220 Consideration Shares at the Issued Price to the Vendors on 2 May 2017.

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Consideration Shares issued by the Company to Vendors is not a condition precedent to the Sale and Purchase Agreement and the Company issued consideration shares before the transfer of the Sale Shares. The completion of the transfer of Sale Shares to the Purchaser has completed on 12 July 2017.

REASONS AND BENEFITS OF THE ACQUISITION

The Board aims to utilize the research capabilities of the Target Company to support the development of intellectual household product and solutions. The Board firmly believes that the Acquisition can diversify the Company's products, create net profit growth engine, expand medium-to-high end customer bases and cross-sale with the sanitary ware sector by leveraging the Company's ample management experiences, excellent marketing strategies and extensive sale network. This does not deviate from the Company's existing principal business sector of household goods and electronics on one hand, while expanding the Company's presence in the healthcare products market in the industry of healthcare on the other, and will bring considerable potential revenues to the Group. The Board therefore is of view that the Acquisition is the interests of the Company and its shareholders as a whole.

The Company entered into the Agreement after arm's length negotiation with the Vendors. Accordingly, the Directors consider that the terms of the Acquisition, are on normal commercial terms, fair and reasonable, and in the interests of the Company and Shareholders as a whole. The Board considered that there is low risk of issuing the consideration shares without completion of registration of the Target Company's shares.

SHARE TRANSFER AGREEMENTS

Regarding on the registration and transfer of Sale Shares, the Purchaser entered into two new agreements with Ye Qishuang (“**Mr. Ye**”) and Yang Jianming (“**Mr. Yang**”) on 1 June 2017, pursuant to which, Mr. Ye and Mr. Yang would transfer 11% and 10% of the Target Company’s shares to the Purchaser at the cash consideration of RMB2,234,000 and RMB3,723,000 respectively (the “**Share Transfer Agreements**”). The Share Transfer Agreements were simplified agreements using for the registration of local industrial and commercial administration only and not binding agreements for the Acquisition. According to the legal advice obtained by the Company, the Share Transfer Agreements do not affect the terms of the Sale and Purchase Agreement entered into on 21 January 2017.

The stated consideration in the Share Transfer Agreements submitted to the local industrial and commercial administration on 1 June 2017 did not reflect the actual consideration terms of the Acquisition. Also according to the legal advice obtained by the Company, there was no material impact on the Target Company and the Company’s business operation and financial position.

On 13 October 2017, the Purchaser entered into two supplementary agreements with Mr. Ye and Mr. Yang to confirm the Consideration of the Acquisition (the “**Supplementary Agreements**”). Pursuant to the Supplementary Agreements, hereby confirm that the Consideration was settled under the terms of the Sale and Purchase Agreement entered into on 21 January 2017.

The above clarifications and addition information do not affect any other information contained in the January Announcement and May Announcement.

By Order of the Board
Bolina Holding Co., Ltd.
Zheng Zhihong
Chairman

Hong Kong, 23 October 2017

As at the date of this announcement, the executive Directors are Zheng Zhihong, Yang Qingyun, Zhang Ming, Sun Yumei and Lam Ying Choi, Donny; the independent non-executive Directors are Jiang Guoxiang, Zhang Shujun and Xia Zhongping.