

11 November 2016

Settlement of Complaint Filed by Shenzhen Samly regarding Advertising Agreements

Company Announcement

As per the Company announcement dated 12 September 2016, Orient Samly Trading (Shenzhen) Co., Ltd (**Shenzhen Samly**), one of the key subsidiaries of Australia Samly Holdings Group Limited (**Company**) has filed proceedings with Shenzhen Nanshan District Court (**Court**) against Shenzhen Hongxi Juxin Advertising Co., Ltd (**Hongxi**) and Jiangxi Media Broadcasting Limited (**Jiangxi Media**), in relation to a TV Advertising Agency Agreement dated 21 October 2014 (**Advertising Agreement**) and a Supplementary Agreement dated 21 April 2015 (**Supplementary Agreement**).

Legal proceedings commenced on 8 September 2016. November 2016, the Court released a civil mediation settlement statement (**Mediation Statement**).

Following the mediation facilitated by the Court, the parties voluntarily arrived at the following agreement and relinquished all claims (or counter claims) against each other in relation to Advertisement Agreement and Supplementary Agreement:

1. that the Advertising Agreement and the Supplementary Agreement are terminated and the parties are released from their obligations from the date the Mediation Statement;
2. that Shenzhen Samly is to pay to Jiangxi Media Broadcasting Limited (**Jiangxi Media**) RMB 600,000, payable in two instalments: RMB 300,000 to be paid by 20 November 2016, and the balance RMB 300,000 payable by 15 January 2017;
3. that Liangchao Chen, the legal representative and actual controller of Shenzhen Samly, will guarantee Shenzhen Samly's payment obligation;
4. within three months of receiving a payment from Shenzhen Samly, Jiangxi Media will issue a receipt of payment to Shenzhen Samly;
5. each party shall bear their own costs.

Jiajun Li

Company Secretary

On behalf of Australia Samly Holdings Group Limited