THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Bisu Technology Group International Limited (the "**Company**"), you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

比速科技集團國際有限公司

Bisu Technology Group International Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1372)

THIRD SUPPLEMENTAL S&P AGREEMENT FOR THE MAJOR TRANSACTION

20 March 2018

TABLE OF CONTENTS

Page

比速科技集團國際有限公司
Bisu Technology Group International Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1372)

Executive Directors:
Mr. Lo Kin Ching Joseph
Mr. Wong Hin Shek
Mr. Xing Bin

Independent non-executive Directors:
Ms. Chu Yin Yin, Georgiana
Mr. Yip Tai Him
Mr. Chan Kai Wing

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

Head office and principal place of business in Hong Kong:
21st Floor,
No. 1 Duddell Street,
Central, Hong Kong

20 March 2018

To the Shareholders

Dear Sir or Madam,

THIRD SUPPLEMENTAL S&P AGREEMENT FOR THE MAJOR TRANSACTION

BACKGROUND

Reference is made to (i) the circular (the "**Previous Circular**") of Bisu Technology Group International Limited (the "**Company**") dated 19 January 2016 and in relation to the acquisition (the "**Acquisition**") of the entire equity interest in Well Surplus Enterprises Limited; (ii) the announcement of the Company dated 4 February 2016 in relation to completion of the Acquisition; and (iii) the announcement of the Company dated 31 December 2017 in respect of the entering into of a third supplemental agreement (the "**3rd Supplemental S&P Agreement**") to make certain amendments to the Sale and Purchase Agreement (as amended and supplemented by the Supplemental S&P Agreements). Unless the context otherwise requires, capitalised terms used in this circular shall have the same meanings as those defined in the Previous Circular.

On 31 December 2017 (after trading hours), the Purchaser, the Vendor and the Guarantor entered into the 3rd Supplemental S&P Agreement to make certain amendments to the Sale and Purchase Agreement (as amended and supplemented by the Supplemental S&P Agreements) to settle the differences in respect of the 2nd Guaranteed Profit subject to the conditions precedent under the 3rd Supplemental S&P Agreement being satisfied.

The purpose of this circular is to provide you with, among other matters, further details regarding the 3rd Supplemental S&P Agreement.

THIRD SUPPLEMENTAL S&P AGREEMENT TO THE SALE AND PURCHASE AGREEMENT

The 3rd Supplemental S&P Agreement

Date	:	31 December 2017 (after trading hours)
Parties	:	(1) Future Marvel Limited, a wholly-owned subsidiary of the Company, as the Purchaser;
		(2) Power Expert Global Limited, as the Vendor; and
		(3) Ms. Weng Guangmin, as the Guarantor.

The Vendor is principally engaged in investment holding. The Vendor is the registered holder of the Convertible Bonds in the aggregate principal amount of HK$390,000,000 and the Promissory Notes in the aggregate principal amount of HK$410,000,000. As at 15 March 2018 (being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular) (the "**Latest Practicable Date**"), the Vendor is wholly-owned by the Guarantor, who is a marketing director of the operating PRC subsidiary of the Target Group. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Guarantor, the Vendor and their respective associates are Independent Third Parties.

Existing provisions relating to Profit Guarantee

Prior to the entering into of the 3rd Supplemental S&P Agreement, pursuant to the Sale and Purchase Agreement (as amended and supplemented by the Supplemental S&P Agreements), the Guarantor and the Vendor warranted and guaranteed to the Purchaser that (i) the audited consolidated profit after tax (the "**Audited CPAT**") of the Target Group as shown in the audited consolidated accounts of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards for the twelve (12) full calendar months period commencing from the 1st calendar day of the month following Completion (the "**1st Profit Guarantee Period**") shall not be less than HK$170,000,000 (the "**1st Guaranteed Profit**"); and (ii) the Audited CPAT of the Target Group as shown in the audited consolidated accounts of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards for the twelve (12) full calendar months period immediately following the 1st Profit Guarantee Period (the "**2nd Profit Guarantee Period**") (together with the 1st Profit Guarantee Period, collectively being the "**Relevant Periods**") shall not be less than HK$230,000,000 (the "**2nd Guaranteed Profit**").

Immediately upon the issue of the Promissory Notes and the Convertible Bonds, the Promissory Notes and the Convertible Bonds had been deposited with the Escrow Agent until the Payment Date as security for the 1st Guaranteed Profit and the 2nd Guaranteed Profit.

In the event that (i) the actual Audited CPAT of the Target Group for the 1st Profit Guarantee Period (the "**1st Period Actual Profit**"); and/or (ii) the actual Audited CPAT of the Target Group for the 2nd Profit Guarantee Period (the "**2nd Period Actual Profit**") (collectively the "**Actual Profits**") as shown in the Auditors' Certificates (as defined below) is/are less than the 1st Guaranteed Profit or the 2nd Guaranteed Profit (as the case may be), the Vendor shall compensate (the "**Compensation**") the Purchaser by 3 times of the aggregate amount of shortfall of the Relevant Periods, as calculated according to the following formulae (the "**Compensation Formulae**"):

Compensation for the 1st Profit Guarantee Period = (1st Guaranteed Profit — 1st Period Actual Profit) x 3

Compensation for the 2nd Profit Guarantee Period = (2nd Guaranteed Profit — 2nd Period Actual Profit) x 3

Pursuant to the Supplemental S&P Agreements, the maximum amounts of the Compensation for the Relevant Periods are limited to HK$800,000,000.

In the event that payment of the Compensation be required, the Vendor shall be obliged to compensate the Purchaser upon the receipt of the auditors' certificate(s) for the Audited CPAT of the Target Group (the "**Auditors' Certificate(s)**") for the 1st Profit Guarantee Period (the "**1st Auditors' Certificate**") and/or the 2nd Profit Guarantee Period (the "**2nd Auditors' Certificate**") (as the case may be) an amount equivalent to (i) Compensation for the 1st Profit Guarantee Period; and/or (ii) the Compensation for the 2nd Profit Guarantee Period respectively by (a) first cancelling the corresponding outstanding principal amount of the Promissory Notes; and (b) if all the outstanding amount of the Promissory Notes has been cancelled, cancelling the corresponding outstanding principal amount of the Convertible Bonds.

If the cancellation of all the principal amount of the Promissory Notes and the Convertible Bonds is not sufficient to set off the amount of the Compensation, the Vendor shall pay the shortfall in cash to the Purchaser within 14 days after receipt of the relevant Auditors' Certificate.

If the 1st Period Actual Profit is equal to or more than the 1st Guaranteed Profit, the Vendor and the Purchaser shall procure the Escrow Agent to release to the Vendor the Promissory Notes in the principal amount of HK$174,250,000 and the Convertible Bonds in the principal amount of HK$165,750,000 within 10 Business Days after the issue of the 1st Auditors' Certificate (or such other day as the Vendor and the Purchaser may agree).

If the 2nd Period Actual Profit is equal to or more than the 2nd Guaranteed Profit, the Vendor and the Purchaser shall procure the Escrow Agent to release to the Vendor the Promissory Notes in the principal amount of HK$235,750,000 and the Convertible Bonds in the principal amount of HK$224,250,000 within 10 Business Days after the issue of the 2nd Auditors' Certificate (or such other day as the Vendor and the Purchaser may agree).

Proposed amendments

The proposed amendments (the "**Proposed Amendments**") to be made under the 3rd Supplemental S&P Agreement are as follows:

(1) the Maturity Date of the Convertible Bonds shall be extended for 2 years from 4 February 2018 to 4 February 2020 (the "**CB Extension**");

(2) the Maturity Date of the Promissory Notes shall be extended for 2 years from 4 February 2018 to 4 February 2020 (the "**PN Extension**") (together with the CB Extension, the "**Extension**");

(3) the interest rate of the Promissory Notes shall be adjusted downward from 10% to 8% per annum for the extension period from 5 February 2018 to 4 February 2020 and all accrued and outstanding interest under the Promissory Notes shall be repaid on the extended maturity date of 4 February 2020 (the "**PN Interest Rate Reduction**"); and

(4) compensation for the 2nd Profit Guarantee Period will be amended (the "**2nd PG Amendment**") to the effect that if the aggregate sum of the 2nd Period Actual Profit and the 1st Period Actual Profit (collectively the "**Total Actual Profit**") is less than the aggregate sum of the 1st Guaranteed Profit and the 2nd Guaranteed Profit (i.e. HK$400,000,000) (the "**Total Guaranteed Profit**"), the Vendor shall compensate (the "**2nd Period Compensation**") the Purchaser by 3 times of the amount of shortfall, as calculated according to the following formula:

    2nd Period Compensation = (Total Guaranteed Profit — Total Actual Profit) x 3

    There had been no change to the conditions for the release of the Promissory Notes and the Convertible Bonds for the 1st Profit Guarantee Period. Following the fulfillment of the 1st Guaranteed Profit, Promissory Notes in the principal amount of HK$174,250,000 and the Convertible Bonds in the principal amount of HK$165,750,000 have been released to the Vendor by the Escrow Agent.

    If the Total Actual Profit is equal to or more than the Total Guaranteed Profit, the Vendor and the Purchaser shall procure the Escrow Agent to release to the Vendor the Promissory Notes in the principal amount of HK$235,750,000 and the Convertible Bonds in the principal amount of HK$224,250,000 within 10 Business Days after the issue of the 2nd Auditors' Certificate (or such other day as the Vendor and the Purchaser may agree).

Save as disclosed above, there are no further change in the conditions for the release of Promissory Notes and Convertible Bonds under the 3rd Supplemental S&P Agreement.

Conditions precedent

Completion of the CB Extension and the 2nd PG Amendment shall be conditional upon the satisfaction of the following conditions:

(1) all necessary consents and approvals in relation to the 3rd Supplemental S&P Agreement having been obtained by the Vendor and the Guarantor;

(2) all necessary consents and approvals in relation to the 3rd Supplemental S&P Agreement having been obtained by the Purchaser;

(3) the Stock Exchange having approved the CB Amendment in accordance with the Listing Rules and the Listing Committee having granted approval for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds (as amended); and

(4) the Shareholders having approved the 3rd Supplemental S&P Agreement and the transactions contemplated thereunder (including but not limited to the approval of the Amendment Deed and the transactions contemplated thereunder, the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds (as amended) and the extension of the maturity date of the Promissory Notes) by way of passing of a necessary resolution of an extraordinary general meeting of the Company or Shareholder's written approval in accordance with the Listing Rules.

Completion of the PN Extension and the PN Interest Rate Reduction shall be conditional upon the satisfaction of conditions (1), (2) and (4) above.

The Purchaser shall use its best endeavours to procure the fulfilment of the conditions (2), (3) and (4) above. The Vendor and the Guarantor shall use their best endeavours to procure the fulfilment of the condition (1) above. None of the conditions precedent can be waived. If any of the conditions set out above have not been fulfilled on or before 28 February 2018 (which has been extended to 30 April 2018 as agreed by the Vendor, the Guarantor and the Purchaser) or such other date as the Vendor, the Guarantor and the Purchaser may agree in writing (the "**Long Stop Date**"), the 3rd Supplemental S&P Agreement shall cease and determine (except for the PN Extension and the PN Interest Rate Reduction if they have been completed and the provisions regarding the undertaking of the Vendor set out in the paragraph headed "Undertaking" in this Letter from the Board and other miscellaneous provisions regarding execution in counterparts, exclusion of third parties' rights under the Contracts (Rights of Third Parties) Ordinance and governing law) and no parties shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, conditions (1), (2) and (4) had been satisfied.

Save for the aforementioned, all other terms and conditions of the Sale and Purchase Agreement (as amended and supplemented by the Supplemental S&P Agreements) remain unchanged.

Undertaking

Pursuant to the 3rd Supplemental S&P Agreement, the Vendor irrevocably undertakes to the Purchaser and the Company that it will not request the Company to perform its payment obligations under the Promissory Notes and the terms and conditions of the Convertible Bonds on or before the Long Stop Date. The non-performance of the payment obligations of the Company from the original maturity date of the Promissory Notes and the Convertible Bonds to the Long Stop Date will not be regarded as a breach of the Promissory Notes and the terms and conditions of the Convertible Bonds.

Completion

Completion of the CB Extension and the 2nd PG Amendment will take place within three Business Days after the satisfaction of the conditions precedent under the 3rd Supplemental S&P Agreement (or such later date as agreed by the Vendor and the Purchaser in writing). At completion, a deed of amendment (the "**Amendment Deed**") will be executed by the Company to amend the terms and conditions of the Convertible Bonds to extend the Maturity Date from 4 February 2018 to 4 February 2020 (the "**CB Amendment**").

Completion of the PN Extension and the PN Interest Rate Reduction took place on the date of the 3rd Supplemental S&P Agreement.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS AS AMENDED BY THE AMENDMENT DEED

Save and except the amendment to the Maturity Date pursuant to the Amendment Deed, all the terms and conditions of the Convertible Bond remain unchanged, valid and in full force.

The principal terms of the Convertible Bonds as amended pursuant to the Amendment Deed are summarised as follows:

Issuer	:	the Company
Maturity Date	:	the 4th anniversary of the issue date of the Convertible Bonds (i.e. 4 February 2020)
Interest	:	the Convertible Bonds shall not bear any interest
Conversion period	:	the period commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date
Conversion Price	:	HK$2.00 per Conversion Share (subject to adjustments)

Aggregate principal amount	:	HK$390,000,000
Transferability	:	the Convertible Bonds cannot be transferred without the prior written consent of the Company, save where transfer is made to a wholly-owned subsidiary of the holder of the Convertible Bonds (the "**Bondholder**"), or the holding company of such Bondholder owning the entire issued share capital of such Bondholder, provided that the Convertible Bonds will be re-transferred to such Bondholder immediately upon the transferee ceasing to be a wholly-owned subsidiary of such Bondholder or a holding company of the Bondholder who owns the entire issued share capital of such Bondholder, in which case no prior written consent from the Company shall be required
Conversion	:	holder(s) of the Convertible Bonds shall have the right at any time from date of issue of the Convertible Bonds up to 4:00 p.m. on the Maturity Date to convert in whole or in part the outstanding principal amount of the Convertible Bonds in whole multiples of HK$1,000,000 into Conversion Shares, save that if at any time the outstanding principal amount of the Convertible Bonds is less than HK$1,000,000, the whole (but not part only) of the outstanding principal amount of the Convertible Bonds may be converted, provided that any conversion of the Convertible Bonds (i) does not trigger any mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder which exercised the conversion rights, representing more than 30% or more (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the then issued share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code; and (ii) does not result in the public float of the Shares being less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares

Adjustments to Conversion Price	:	the Conversion Price is subject to adjustments upon the occurrence of the following events: (i) an alteration of the nominal amount of the Shares by reason of consolidation or subdivision; (ii) an issue (other than in lieu of a cash dividend) of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund); (iii) a capital distribution (as such term is defined in the conditions of the Convertible Bonds) to Shareholders (whether on a reduction of capital or otherwise); (iv) an issue of Shares to Shareholders by way of rights, or grant to Shareholders any options or warrants to subscribe for new Shares, at a price less than 80% of the market price of the Shares; (v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for Shares, at a consideration per Share which is less than 80% of the market price of the Shares, or the conversion, exchange or subscription rights of any such securities (other than in accordance with the terms applicable thereto) are altered or modified so that the consideration per Share is less than 80% of the market price of the Shares; and (vi) an issue of Shares being made wholly for cash at a price less than 80% of the market price of the Shares.
Early redemption	:	the Company may at any time before the maturity date by serving at least ten (10) days' prior written notice on the Bondholder with the total amount proposed to be redeemed from the Bondholder specified therein, redeem the Convertible Bonds (in whole or in part) at 100% of the principal amount of such Convertible Bonds
Voting rights	:	holder(s) of the Convertible Bonds shall not be entitled to attend or vote at any general meeting of the Company

Listing	:	the Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange. An application has been made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds (as amended)

REASONS FOR THE THIRD SUPPLEMENTAL S&P AGREEMENT

The Group is principally engaged in two business segments, which are (i) development production and sale of automotive engines; and (ii) civil engineering works and building construction and maintenance works. The Vendor is principally engaged in investment holding.

The Company acquired the Target Group by executing Sale and Purchase Agreement and Supplemental S&P Agreements (collectively refer to as the "**Agreements**").

Upon completion of the Acquisition, the Promissory Notes in the principal amount of HK$410,000,000 and the Convertible Bonds in the principal amount of HK$390,000,000 were issued to the Vendor, all of which were deposited with the Escrow Agent. Such issues were in accordance with the terms of the Sale and Purchase Agreement (as amended and supplemented by the Supplemental S&P Agreements).

As disclosed in the annual report of the Company for the year ended 31 December 2016 and the interim report of the Company for the six months ended 30 June 2017, the 1st Guaranteed Profit was achieved by the Target Group. The 1st Period Actual Profit was approximately RMB253 million (equivalent to approximately HK$312.35 million) which far exceeded the amount of the 1st Guaranteed Profit of HK$170,000,000.

As the 1st Period Actual Profit was more than the 1st Guaranteed Profit, the Promissory Notes in the principal amount of HK$174,250,000 and the Convertible Bonds in the principal amount of HK$165,750,000 (the "**1st Period Convertible Bonds**") have been released to the Vendor by the Escrow Agent. The Vendor remained as the registered holder of the 1st Period Convertible Bonds as the Latest Practicable Date.

As at the Latest Practicable Date, the Promissory Notes in the principal amount of HK$235,750,000 and the Convertible Bonds in the principal amount of HK$224,250,000 are still deposited with the Escrow Agent.

As at the Latest Practicable Date, none of the conversion rights attaching to the Convertible Bonds have been exercised, and the outstanding principal amount of the Convertible Bonds amounted to HK$390,000,000.

The Company recently noticed that the Target Group fell behind the progress in achieving the 2nd Guaranteed Profit. The Company approached the Vendor and the Guarantor with a view to ensure that they would deliver the 2nd Guaranteed Profit.

However, the Vendor and Guarantor argued that under the Agreements they were only required to deliver a total HK$400,000,000 guaranteed profit for the two year ended 4 February 2018.

It is estimated that the 2nd Period Actual Profit would be approximately RMB131.66 million (equivalent to approximately HK$162.54 million). Based on the formula as stipulated in the paragraph headed "Existing provisions relating to Profit Guarantee" in this Letter from the Board, the amount of compensation that the Vendor would be obliged to pay to the Company for the 2nd Profit Guarantee Period would be approximately HK$202.38 million (i.e. (HK$230 million — HK$162.54 million) x3). However, the Vendor and the Guarantor have disputed their obligation under the Profit Guarantee provisions and refused to admit that they have breached the Profit Guarantee.

Since the release of the remaining Promissory Notes and Convertible Bonds held by the Escrow Agent requires the delivery of a notice signed by both the Vendor and the Purchaser to the Escrow Agent, if the Vendor does not agree that under the Sale and Purchase Agreement (as amended and supplemented by the Supplemental S&P Agreements), it has an obligation to compensate the Purchaser for the shortfall of the 2nd Guaranteed Profit, such Promissory Notes and Convertible Bonds will continue to be held by the Escrow Agent. If the Escrow Agent does not receive the notice signed by both the Vendor and the Purchaser within 3 months after the original maturity date, the Escrow Agent has the right to release the remaining Promissory Notes and the Convertible Bonds to the Purchaser. The Company will only be able to cancel the Promissory Notes and the Convertible Bonds in accordance with the terms of the Sale and Purchase Agreement (as amended and supplemented by the Supplemental S&P Agreements) until such Promissory Notes and Convertible Bonds are released by the Escrow Agent provided that there is no court order to prohibit the Company from doing so.

The Company has since then negotiated with the Vendor and Guarantor. The parties finally reached a terms of the 3rd Supplemental S&P Agreement to settle the differences. The Board considers that the terms of the 3rd Supplemental S&P Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole as:

(i) the Consideration of the Acquisition was negotiated on the basis of a price-earnings ratio of 4 times, and it was anticipated that an annual net profit of HK$200,000,000 was achievable. The Company demanded two years profit guarantee and that was agreed by the Vendor and the Guarantor;

(ii) the original maturity date of the Promissory Notes and the Convertible Bonds will be 4 February 2018 unless extended, whereby the Company would be required to redeem the outstanding principal amounts of the Promissory Notes and the Convertible Bonds (if not converted by the Vendor) released to the Vendor and interest accrued thereon. Without the Proposed Amendments, it was estimated that the Company would have to repay approximately HK$374.85 million (comprising the aggregate principal amount of HK$340 million of the Promissory Notes and the Convertible Bonds which have been released to the Vendor for the fulfilment of the 1st Guaranteed Profit and the interest accrued on the released Promissory Notes of approximately HK$34.85 million) to the Vendor on 4 February 2018. On the assumption that the 2nd Period Actual Profit is approximately HK$162.54 million and the Purchaser succeeds in the argument with the Vendor, the Company might cancel approximately the Promissory Notes in the principal amount of HK$202.38 million as compensation for the 2nd Profit Guarantee Period and the aggregate principal amount of the Promissory Notes and the Convertible Bonds which would have to be released to the Vendor would be approximately HK$257.62 million. Assuming that the release date and the repayment date of the Promissory Notes and the Convertible Bonds released for the 2nd Profit Guarantee Period are both 31 March 2018, a further principal amount of approximately HK$257.62 million and accrued interest of HK$7.2 million would have to be repaid to the Vendor. The Company currently does not have sufficient financial resources to repay such sum in full. It is also not easy for the Group to raise funds or borrow loans of such substantial amount successfully and that the interest rate for such loans is likely to be higher than 8%. The Extension effectively allows the Group to refinance its debts under the Promissory Notes with a lower interest rate of 8% per annum and the Convertible Bonds with the same terms for another two years. In addition, the Extension will provide flexibility to the Group's deployment of its financial resources to fund its operation and development as well as to plan its working capital requirements. In the absence of the Extension, the Company will need to conduct fund raising or borrow loans and deploy its cash reserves for the redemption of the Promissory Notes and the Convertible Bonds (if not converted by the Vendor) released to the Vendor on maturity. It is also uncertain if the Group can raise funds or borrow loans of such substantial amount successfully and the interest rate for the loans is likely to be higher than 8%;

(iii) the actual profit after tax of the operating PRC subsidiary of the Target Group for the 1st Profit Guarantee Period was RMB253 million (equivalent to approximately HK$312.35 million). It is estimated that the total actual profit after tax of the operating PRC subsidiary of the Target Group over the 1st Profit Guarantee Period and the 2nd Profit Guarantee Period would be approximately HK$474.89 million, which would far exceed the aggregate amount of the guaranteed profit of HK$400 million for the 1st Profit Guarantee Period and the 2nd Profit Guarantee Period;

(iv) lawyers have advised the Board that if litigation is unavoidable, the process (especially on discovery and preparation of witness statements) will be costly and time consuming. It may take more than 2 years to conclude the matter, which has yet taken into account the possibility of subsequent appeals. Also, the risk of unfavourable judgment can hardly be avoided;

(v) the business of the Target Group is profitable and has contributed substantially to the Group's revenue and profit. It is in the Company's interest to avoid prolonged and unresolved dispute with the Vendor and the Guarantor. The Guarantor is assisting the general manager of the operating PRC subsidiary of the Target

Group to execute its business plan. She is also responsible for the management of the sales team of the Target Group as well as maintaining the relationship with the current customers of the Target Group and developing new customers. The Company hopes to secure harmonious and diligent support of the Vendor and the Guarantor so as to leverage her experience, expertise and relationship and connections in the industry to ensure greater future business success of the Target Group. The cooperation and support of the Guarantor are very important to ensure that the Target Group continues to generate substantial revenue and profit; and

(vi) the terms of the Proposed Amendments are the best terms that the Purchaser can negotiate and achieve under the circumstances based on the legal advice without resorting to litigation which would seriously affect the Target Group's future operation. The Company wishes to avoid the lengthy dispute with the Vendor and the Guarantor so as to spend all efforts to develop the business of the Group. The Company also practically has difficulties to repay the Promissory Notes and the Convertible Bonds on the original maturity date and the release date and the amicable settlement of the dispute will give the Company sufficient time to manage the business of the Group and cash flow orderly.

IMPLICATIONS UNDER THE LISTING RULES

As the Acquisition constituted a major transaction on the part of the Company under Chapter 14 of the Listing Rules, the 3rd Supplemental S&P Agreement will be subject to Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities.

The Company has obtained the approval from the Stock Exchange for the CB Amendment.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the 3rd Supplemental S&P Agreement and the transactions contemplated thereunder (including but not limited to the approval of the Amendment Deed and the transactions contemplated thereunder, the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds (as amended) and the extension of the maturity date of the Promissory Notes).

A written Shareholder's approval dated 31 December 2017 has been obtained from the Company's controlling Shareholder, Youth Force, being the holder of 150,000,000 Shares (representing 75% of the issued share capital of the Company as at the Latest Practicable Date), for the 3rd Supplemental S&P Agreement and the transactions contemplated thereunder (including but not limited to the approval of the Amendment Deed and the transactions contemplated thereunder, the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds (as amended) and the extension of the maturity date of the Promissory Notes). Such written approval has been accepted in lieu of holding a general meeting of the Company for approving the 3rd Supplemental S&P Agreement and the transactions contemplated thereunder (including but not limited to the approval of the Amendment Deed and the transactions contemplated thereunder, the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds (as amended) and the extension of the maturity date of the Promissory Notes). Therefore, no general meeting of the Company will be convened pursuant to Rule 14.44 of the Listing Rules.

RECOMMENDATION

The Directors consider that the terms of the 3rd Supplemental S&P Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

RESPONSIBILITY STATEMENT

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

ADDITIONAL INFORMATION

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

Shareholders and investors should note that the CB Extension and the 2nd PG Amendment are subject to various conditions as stated in the section headed "Conditions precedent". Potential investors and Shareholders are therefore urged to exercise caution when dealing in the Shares.

For the purpose of this circular, unless the context otherwise requires, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of RMB0.81 to HK$1.00. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.

Yours faithfully,
By Order of the Board
Bisu Technology Group International Limited
Wong Hin Shek
Executive Director