

3 March 2014

Asia Pacific Exchange Limited
Level 16, Central Square
323 Castlereagh Street
Sydney NSW 2000

By courier and email: simon.obrien@apx.comm.au

Attention: Simon O'Brien, Manager, Market Supervision

Dear Sir/Madam,

Australia Samly Holdings Group Limited | Submission in relation to matters for the listing application

We refer to Asia Pacific Exchange Limited (**APX**)'s letter dated 20 February 2014 in relation to the decision made in respect of Australia Samly Holdings Group Limited's (ABN 16 164 307 975) (**Company**) APX listing application (**Listing Letter**).

Capitalised terms not otherwise defined in this letter have the same meaning given to them in the replacement prospectus of the Company dated 24 December 2013 as lodged with the Australian Securities and Investments Commission as supplemented by the Supplementary Prospectus of the Company dated 25 February 2014 (the **Prospectus**).

We refer to paragraph 2(viii) of the Listing Letter and confirm the following:

1. The Offer was closed on 24 February 2014. The final issue price per New Share in the Company is \$1.00, and the number of New Shares issued under the Offer was 4,636,500.
2. Cleared funds from subscription under the Offer have now been received.
3. The use of funds received from the Offer will be as follows:

| Use of funds | Amount (Based on the actual amount raised from the Offer) | Percentage of total funds used (based on actual amount raised from the Offer) |
|------------------------------|--|--|
| Costs of the Offer | A\$1,277,436 | 27% |
| Marketing and brand building | A\$1,444,397 | 31% |

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|--|---------------------|-------------|
| investment activities | | |
| Channel expansion investment - building of chain stores | A\$1,007,719 | 21% |
| Research and development investment (includes laboratory construction, equipment procurement and staffs recruitment) | A\$302,316 | 7% |
| Factory construction and equipment expenses | A\$302,316 | 7% |
| EIT system investment | A\$302,316 | 7% |
| Total | A\$4,636,500 | 100% |

- The total number of shareholders holding a parcel of shares in the Company with a value of more than \$2,000 is 130.
- The Company's corporate governance policies are on its website at www.samly.net.
- Each of the Company's Existing Shareholders have entered into separate voluntary escrow deeds in respect of their shareholdings retained following the Offer as described in the Prospectus. An overview of Existing Shareholders subject to the voluntary escrow arrangements is set out in the table below.

| Existing Shareholders of the Company | Number of escrowed Shares under the voluntary escrow arrangements | Period of escrow from the date of listing on APX |
|---|---|--|
| Samly (International) Biotechnology Limited | 17,700,000 Shares (59% of Pre Offer Shares). | 2 years |
| Ru Xin (International) Investment Co., Limited | 4,500,000 Shares (15% of Pre Offer Shares). | 1 year |
| Full Care (International) Investment Co., Limited | 3,600,000 Shares (6% of Pre Offer Shares). | 180 days |
| Vita-Tech (International) Biotechnology Limited | 3,600,000 Shares (5% of Pre Offer Shares). | 2 years |
| Sunswelting Investment Development Co., Limited | 600,000 Shares (3.85% of Pre Offer Shares). | 2 years |

7. In relation to the Chairman's Stock Assignment Agreements referred to in the Listing Letter, the Company note the following:
- In 2012, Liangchao Chen (being the current Chairman and Executive Director of the Company) and Shenzhen Samly were parties to separate share transfer agreements with certain key product distributors of Shenzhen Samly (**Share Transfer Agreements**).
 - The Share Transfer Agreements were entered into based on the prior understanding and agreement between Director Chen and the relevant distributors as a way of incentivising the distributors to achieve higher levels of distribution and sale of Shenzhen Samly's products.
 - Under each Share Transfer Agreement:
 - Liangchao Chen has agreed to transfer a certain percentage of the existing Shares held by Liangchao Chen (directly or indirectly) in the Company to the key distributors of Shenzhen Samly's products for nil consideration at the stipulated future date in 2015 should the relevant dealer party to the Share Transfer Agreement perform a certain percentage above the stipulated sales volume in accordance with the relevant Share Transfer Agreement and Shenzhen Samly's policy in relation to share incentives for distributors.
 - Whilst Shenzhen Samly is a party to the agreement, Shenzhen Samly has no positive obligations under the Share Transfer Agreement to approve or endorse the proposed transfer described in the Share Transfer Agreement.
 - The provisions of the Share Transfer Agreement are subject to the applicable laws of Australia and PRC in respect of the transfer of shares in a listed company. If the relevant dealer party to the Share Transfer Agreement does not comply with any terms and conditions of Shenzhen Samly's policy in relation to the share incentive for distributors or the applicable laws or policies, the relevant Share Transfer Agreement will automatically terminate and Mr Chen is no longer required under the agreement to transfer any of his Shares in the Company to the dealers. Each distributor who is a party to the Share Transfer Agreement has the ability to terminate the Share Transfer Agreement without cause prior to the date of proposed Share transfer by Director Chen to the relevant distributor party, subject to the distributor party paying to Mr Chen compensation for any damages which resulted from the termination.
 - All of the Share Transfer Agreements were either automatically lapsed (due to the relevant distributors of Shenzhen Samly not meeting the target sales volume) or terminated pursuant to separate termination agreements entered into by Shenzhen Samly and the relevant distributors (as applicable).

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8. The Deed of Shareholder Agreement between the Existing Shareholders of the Company was terminated with effect from 24 February 2014 pursuant to a Termination Deed executed by the Existing Shareholders on 24 February 2014.
9. The Company advises that the Australian Listing consultancy Agreement (details of which are set out in Section 3.10 or page 76 of the Replacement Prospectus) between Shenzhen Samly and the AIMS Entities (**Original Consultancy Agreement**) was effectively terminated and replaced by a new Australia Listing General Advisory Agreement entered into by Shenzhen Samly and the AIMS Entities in mid February 2014 (**New Consultancy Agreement**). The terms of the Original Consultancy Agreement and New Consultancy Agreement between Shenzhen Samly and AIMS Entities are substantially the same, other than the following material changes:
- **Term:** Under the Original Consultancy Agreement, the term of the agreement was for a period of 2 years commencing from 28 September 2012 and ending on 28 September 2014. The New Consultancy Agreement has a term of 12 months and was terminated on 28 February 2014.
 - **Termination rights:** Under the Original Consultancy Agreement, there was no automatic termination provision. However, under the New Consultancy Agreement, the agreement automatically terminates upon completion of successful listing on APX by the first day of share trading. The New Agreement also set out the following additional termination rights for the AIMS Entities. Accordingly, the AIMS Entities have the right to terminate the New Consultancy Agreement with immediate effect by writing to Shenzhen Samly if:
 - there is an insolvency event occurs with respect to Shenzhen Samly;
 - there is a change in control of Shenzhen Samly;
 - Shenzhen Samly or an intermediary is in any fraud, forgery or misrepresentation in respect of the provision of information to AIMS Entities in relation to the services provided by the AIMS Entities;
 - Shenzhen Samly fails to pay to the AIMS Entities the fees due and payable under the New Consultancy Agreement for the provision of the services and fails to rectify this failure to pay fees within 14 days' notice from the AIMS Entities; or
 - Shenzhen Samly fails to perform any provision of the New Consultancy Agreement which is capable of remedy and the breach is not remedied within 14 days of written notice from the AIMS Entities.
 - **Additional obligations on the parties:** Under the New Consultancy Agreement, in addition to the duties and obligations under the Original Consultancy Agreement, each of Shenzhen Samly and the AIMS Entities are required to comply with all procedures

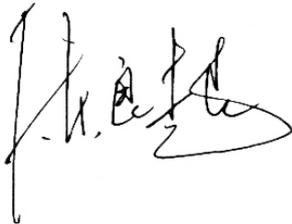
and requirements of all relevant Chinese or Australian law requirements as well as any relevant regulatory body that may be relevant to the proposed listing on the APX including but not limited to any Chinese or Australian regulatory body. The New Consultancy Agreement also sets out a more detailed process for the provision of information to the AIMS Entities by Shenzhen Samly, which include the correction of any incorrect information provided to AIMS Entities within a certain timeframe and the provision of updated information that is relevant to the proposed listing on APX.

- **Confidentiality provisions:** The New Consultancy Agreement contains more detailed confidentiality provisions than the Original Consultancy Agreement.

The Company confirms that at any time post-admission on the APX, if a new advisory / consultancy agreement is entered into between the Company and any of the AIMS Entities, the terms of such agreement will be disclosed immediately under APX Listing Rule 11.1.

Should you have any questions in relation to the above, please feel free to contact us.

Yours faithfully,



Liangchao Chen
Chairman and Executive Director
On behalf of Australia Samly Holdings Group Limited