
SUBSCRIPTION AGREEMENT

dated

9 OCTOBER 2020

between

CHINA LOTSYNERGY HOLDINGS LIMITED

as Issuer

and

LAU TING

as Subscriber

**Baker
McKenzie.**

貝克·麥堅時律師事務所

Baker & McKenzie
14th Floor, One Taikoo Place
979 King's Road, Quarry Bay
Hong Kong SAR

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太古坊一座 14 樓
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SUBSCRIPTION AGREEMENT

This Agreement is dated 9 October 2020

Between

CHINA LOTSYNERGY HOLDINGS LIMITED, whose registered address is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and whose principal place of business in Hong Kong is at Unit 3308, 33rd Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong (the “**Issuer**”); and

LAU TING (holder of Hong Kong identity card number K808252(9)) of House 9, 12 Shouson Hill Road, Shouson Hill, Southern District, Hong Kong (the “**Subscriber**”).

WHEREAS

- A. The Issuer is a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1371). As at the date of this Agreement, (i) the Issuer has an authorised share capital of 1,600,000,000 ordinary shares of HK\$0.025 each (the “**Shares**”) of which 1,029,480,733 Shares have been issued and are fully paid or credited as fully paid; (ii) there are outstanding Existing Convertible Bonds in the principal amount of HK\$174,800,000 which are convertible into 87,400,000 Shares upon full conversion; and (iii) there are outstanding Share Options for 1,160,000 Shares granted under the 2012 Share Option Scheme.
- B. As at the date of this Agreement, the Subscriber is a substantial shareholder (as defined in the Listing Rules) of the Issuer and is therefore a connected person (as defined in the Listing Rules) of the Issuer.
- C. By a loan agreement dated 21 January 2020 (the “**Loan Agreement**”) made between China LotSynergy Limited (the “**Borrower**”), an indirect wholly-owned subsidiary of the Issuer, and the Subscriber, the Subscriber has advanced to the Borrower a loan in the principal amount of HK\$50,000,000 (the “**Loan**”) for a term of one year at an interest rate of 9.50% per annum upon and subject to the terms and conditions set out therein.
- D. The Issuer proposes to issue to the Subscriber, and the Subscriber proposes to subscribe for, convertible bonds in the principal amount of HK\$50,000,000 for the purpose of enabling the Borrower to repay the Loan to the Subscriber.
- E. The Issuer and the Subscriber therefore intend to enter into this Agreement to restructure the Loan.
- F. The Bonds will be issued in registered form represented by, and subject to the terms and conditions set out in, the Bond Instrument.

IT IS HEREBY AGREED as follows:

1. DEFINITIONS

1.1 In this Agreement:

“**2012 Share Option Scheme**” means the share option scheme of the Issuer adopted by the Shareholders at the annual general meeting of the Issuer held on 18 May 2012.

“**Agreements and Instruments**” has the meaning ascribed to it in Schedule 1.

“**Announcement**” means the announcement to be released by the Issuer in relation to this Agreement and the matters contemplated herein.

“**acting in concert**” has the meaning ascribed to it in the Takeovers Code.

“**associate**” has the meaning ascribed to it in the Listing Rules.

“**Board**” means the board of directors of the Issuer from time to time.

“**Bondholder(s)**” means the holder(s) of the Bonds from time to time.

“**Bonds**” means the 8 per cent. convertible bonds due 2022 in the aggregate principal amount of HK\$50,000,000 convertible into the Conversion Shares to be issued by the Issuer to the Subscriber, subject to the terms and conditions of this Agreement and the Bond Instrument.

“**Bond Certificate**” means a certificate in respect of the Bonds to be issued to the Bondholders pursuant to the terms of the Bond Instrument.

“**Bond Instrument**” means the bond instrument to be executed as a deed by the Issuer substantially in the form set out in Schedule 2 (*Form of Bond Instrument*) to this Agreement.

“**Borrower**” has the meaning ascribed to it in Recital (C).

“**Business Day**” means a day (other than a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning number 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours.

“**Circular**” has the meaning ascribed to it in Clause 5.1.

“**Companies Ordinance**” means the Companies Ordinance, Chapter 622 of the Laws of Hong Kong.

“**Completion**” means the completion of the issuance of the Bonds by the Issuer to the Subscriber and the subscription of the Bonds by the Subscriber in accordance with the terms and conditions of this Agreement.

“**Completion Date**” means the fifth Business Day following the satisfaction (or if applicable, waiver) of the Conditions, or such other date as the Parties may agree in writing.

“**Conditions**” means the conditions precedent specified in Clause 3.

“**Consent**” means any consent, approval, authorisation, qualification, waiver, permit, grant, franchise, concession, agreement, licence, exemption or order of, registration, certificate, declaration or filing with, or report or notice to, any person, including any governmental body.

“**Conversion Price**” has the meaning ascribed to it in the Bond Instrument.

“**Conversion Right**” has the meaning ascribed to it in the Bond Instrument.

“**Conversion Shares**” means the Shares to be allotted and issued by the Issuer upon the Bondholder(s) exercising its Conversion Right under and in accordance with the terms and conditions of the Bond Instrument.

“**Deed of Set-Off**” means the deed to be executed by the Subscriber, the Issuer and the Borrower in respect of the Loan Agreement and the Loan in accordance with Clause 2.2, the form of which is substantially the same as that set out in Schedule 3 (*Form of Deed of Set-Off*) to this Agreement.

“**Default**” means an Event of Default or any event or circumstance specified in the Bond Instrument which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Transaction Documents or any combination of any of the foregoing) be an Event of Default.

“**Directors**” means the directors of the Issuer from time to time.

“**Dispute**” has the meaning ascribed to it in Clause 18.2(a).

“**Encumbrance**” means any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same and “**Encumber**” and “**Encumbrancer**” shall be construed accordingly.

“**Event of Default**” means any event or circumstance specified as such in the Bond Instrument.

“**Executive**” means the Executive Director of the Corporate Finance Division of the SFC or any of his delegates.

“**Existing Convertible Bonds**” means the Hong Kong dollar denominated unsecured convertible bonds with an outstanding principal amount of HK\$174,800,000 issued by the Issuer on 7 April 2017 (as the same may from time to time be amended and/or supplemented).

“**Group**” means the Issuer and its Subsidiaries from time to time, and “**members of the Group**” shall be construed accordingly.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People's Republic of China.

“**Independent Shareholders**” means Shareholders other than the Subscriber and parties acting in concert with her and their respective associates and those who are involved in or interested in the Subscription (including the grant of the Specific Mandate), and/or the Whitewash Waiver and those who are required under the Listing Rules and/or the Takeovers Code (as the case may be) to abstain from voting at a special general meeting to be convened by the Issuer to consider and, if thought fit, approve the Subscription Agreement, the Subscription and the transactions contemplated thereunder (including the grant of the Specific Mandate), the Whitewash Waiver and the proposed increase in authorised share capital.

“**Listing Rules**” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

“**Loan**” has the meaning ascribed to it in Recital (C).

“**Loan Agreement**” has the meaning ascribed to it in Recital (C).

“**Long Stop Date**” has the meaning ascribed to it in Clause 3.2.

“**Material Adverse Effect**” means, in relation to any act, action, omission or event, (i) a material adverse effect on the condition (financial or other), prospects, results of operations, business, management, properties or general affairs of the Issuer or the Group taken as a whole, (ii) a material and adverse effect on the ability of the Issuer to perform its obligations under the Transaction Documents, or (iii) which is material in the context of the issue of the Bonds, and “**material**” and “**material respect**” shall be construed taking into regard any adverse effect on the ability of the Issuer to perform its obligations under this Agreement.

“**Party**” means a party to this Agreement.

“**PRC**” means the People's Republic of China which, for the purpose of this Agreement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan.

“**Register of Bondholders**” has the meaning ascribed to it in the Bond Instrument.

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

“**SFO**” means the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.

“**Shareholders**” means holder(s) of the Shares.

“**Share Options**” means the share options granted by the Issuer from time to time under the 2012 Share Option Scheme to subscribe for Shares in the Issuer;

“**Shares**” has the meaning ascribed to it in Recital (A).

“**Specific Mandate**” means the specific mandate for the allotment and issue of the Conversion Shares.

“**Stock Exchange**” means The Stock Exchange of Hong Kong Limited.

“**Stock Exchange Approval**” means the approval of the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

“**Subscription**” means the subscription by the Subscriber for the Bonds pursuant to and in accordance with the terms and conditions of this Agreement.

“**Subsidiary**” has the meaning ascribed to it in the Listing Rules.

“**Takeovers Code**” means the Hong Kong Code on Takeovers and Mergers administered by the SFC.

“**Transaction Document**” means this Agreement, the Bond Instrument or the Bond Certificate and “**Transaction Documents**” means all of the above.

“**Whitewash Waiver**” means the whitewash waiver as may be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Subscriber and any parties acting in concert with her to make a general offer for all the issued Shares not already owned (or agreed to be acquired) by the Subscriber and parties acting in concert with her which might otherwise arise as a result of the Subscription.

1.2 Construction

- (a) Unless contrary indication appears, any reference in this Agreement to:
- (i) the “**Subscriber**”, the “**Issuer**” or any “**Party**” shall be construed so as to include their respective personal representatives, successors and permitted assigns and any persons deriving title under them;
 - (ii) an “**amendment**” includes a supplement, restatement, variation, novation, extension (whether of maturity or otherwise), re-enactment or replacement (however fundamental and whether or not more onerous), and “**amended**” is to be construed accordingly;
 - (iii) “**assets**” includes present and future properties, revenues and rights of every description;

- (iv) “**debt**” or “**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - (v) a “**Transaction Document**” or any other agreement or instrument is to that Transaction Document or other agreement or instrument as amended (however fundamentally), novated, supplemented, varied, extended, restated or replaced from time to time;
 - (vi) “**include(s)**” and “**including**” shall be construed as being by way of illustration or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding or following words;
 - (vii) a “**person**” includes any individual, firm, company, joint venture, consortium, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing;
 - (viii) a “**regulation**” includes any regulation, rule, official directive, request, code of practice or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (ix) a provision of any law or regulation is a reference to that provision as amended or re-enacted and includes any subordinate legislation;
 - (x) words importing the singular include the plural and *vice versa* and words importing a gender include every gender; and
 - (xi) Recitals, Clauses and Schedules are to clauses and recitals of and schedules to this Agreement and references to this Agreement include its Schedules.
- (b) Clause and Schedule headings are for ease of reference only.
 - (c) Unless a contrary indication appears, a term used in any other Transaction Document or in any notice given under or in connection with any Transaction Document has the same meaning in that Transaction Document or notice as in this Agreement.
 - (d) A Default (other than an Event of Default) is “**continuing**” if it has not been remedied or waived in writing and an Event of Default is “**continuing**” if it has not been waived in writing.

1.3 **Currency symbols and definitions**

“**HK\$**” and “**Hong Kong Dollars**” denote the lawful currency for the time being of Hong Kong.

1.4 Unless a contrary indication appears, a time of day is a reference to Hong Kong time.

1.5 The Recitals and Schedules shall be deemed to be incorporated in this Agreement.

2. **SUBSCRIPTION FOR THE BONDS**

2.1 **Issue and Subscription of the Bonds**

Subject to and in accordance with the provisions of this Agreement (including, without limitation, Clause 3 below), the Issuer agrees to issue to the Subscriber, and the Subscriber agrees to subscribe for, the Bonds at Completion.

2.2 Consideration and Payment of the Bonds

- (a) The aggregate consideration payable to the Issuer at Completion by the Subscriber for the issue of the Bonds shall be HK\$50,000,000, being the aggregate face value of the principal amount of the Bonds.
- (b) The Parties hereby agree that subject to Completion:
 - (i) the payment of HK\$50,000,000 for the Subscription payable by the Subscriber to the Issuer at Completion shall be set off against the same amount of the Loan owed by the Borrower to the Subscriber as at the Completion Date;
 - (ii) the Issuer shall procure all outstanding interests owed by the Borrower to the Subscriber accrued on the Loan up to but excluding the Completion Date be repaid in cash to the Subscriber on the Completion Date;
 - (iii) in consideration of the foregoing, the Subscriber shall irrevocably release and discharge the Borrower from all of its obligations and liabilities in respect of the Loan under the Loan Agreement;
 - (iv) upon the events set out in Clause 2.2(b)(i) to (iii) taking place, the Borrower shall owe to the Issuer an amount of HK\$50,000,000 which is repayable on demand and no interest shall accrue or be payable on such indebtedness; and
 - (v) the Subscriber shall, and the Issuer shall and shall procure that the Borrower shall, enter into and deliver to each other a Deed of Set-Off at Completion to reflect the provisions in Clause 2.2(b).
- (c) The Subscriber's payment of the subscription money for the Bonds at Completion shall be deemed to have been satisfied and discharged upon the entering into of the Deed of Set-Off by the parties thereto.

3. CONDITIONS

3.1 Completion of the Subscription shall be conditional upon:

- (a) the Independent Shareholders passing all necessary resolutions to be proposed at a special general meeting to be convened by the Issuer which are necessary for the transactions contemplated under this Agreement to be effective in compliance with the Listing Rules and the Takeovers Code, including but not limited to, to approve, confirm and/or ratify (as the case may be):
 - (i) the Subscription and the entering into and performance of the obligations of the Issuer under the Transaction Documents and the transactions contemplated thereunder;
 - (ii) the granting of the Specific Mandate for the issuance of the Conversion Shares; and
 - (iii) the Whitewash Waiver;
- (b) the Shareholders passing the resolution to be proposed at a special general meeting to be convened by the Issuer to approve the increase of authorised share capital of the Issuer to HK\$75,000,000 divided into 3,000,000,000 shares of HK\$0.025 each;
- (c) the granting of the Stock Exchange Approval and such Stock Exchange Approval not being subsequently revoked or withdrawn prior to the Completion Date;

- (d) the granting by the Executive of the Whitewash Waiver, and such Whitewash Waiver not having been revoked or withdrawn, and the fulfilment of any necessary conditions prior to Completion, if any, attached to it;
- (e) the Issuer having obtained any Consent from the relevant governmental or regulatory authorities which is necessary to be obtained for the execution and performance of the Transaction Documents by the Issuer and any of the transactions contemplated therein;
- (f) the Issuer having obtained any Consent from any third parties (other than the relevant governmental or regulatory authorities referred to in the immediately preceding condition set out in Clause 3.1(e) above) which is necessary to be obtained for the execution and performance of the Transaction Documents by the Issuer and any of the transactions contemplated therein;
- (g) there being no change, event, circumstance or other matter that has, or would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect subsisting; and
- (h) the Issuer having duly performed and observed in all material respects all the obligations, undertakings, covenants and agreements required to be performed and observed by it prior to the Completion Date under the Transaction Documents.

3.2 The Conditions in Clauses 3.1(a) to (e) cannot be waived by either Party. The Conditions in Clauses 3.1(f) to (h) may be waived by the Subscriber in her sole and absolute discretion in whole or in part. The Parties shall use their reasonable endeavours to fulfil, or procure the fulfilment of, the Conditions on or before 31 January 2021 (or such later date as may be agreed by the Parties in writing) (the “**Long Stop Date**”). If any of the Conditions in Clause 3.1 has not been fulfilled or waived by the Subscriber by the Long Stop Date, then this Agreement (save and except Clauses 1 (*Definitions*), 7 (*Expenses*), 8 (*Confidentiality*), 9 (*Announcements*), 10 (*Notices*), 14.3 (*Survival*) and 18 (*Governing law and enforcement*) of this Agreement) shall lapse immediately thereafter and be of no further effect and no Party shall have any claim against or liability or obligation to any other Party save in respect of claims arising out of any antecedent breach of this Agreement.

3.3 The Conditions in Clauses 3.1(g) to (h) shall be treated as fulfilled for so long as, to the reasonable satisfaction of the Subscriber, no circumstances have arisen to trigger them.

4. COMPLETION

4.1 Subject to the fulfilment (or waiver, where applicable) of all the Conditions on or before the Long Stop Date, Completion shall take place on the Completion Date at the principal place of business of the Issuer in Hong Kong (Unit 3308, 33rd Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong) (or such other place as the Parties may agree), when all (but not some only) of the events described in this Clause 4 shall occur.

4.2 At Completion, the Issuer shall:

- (a) deliver or cause to be delivered to the Subscriber a copy of the board resolutions of the Issuer approving, amongst others:
 - (i) the execution, consummation and completion of the Transaction Documents and the transactions contemplated under the Transaction Documents;
 - (ii) the issue of the Bonds in accordance with this Agreement and the Bond Instrument and the entry of the Subscriber (or her nominee(s)) in the register of Bondholders in respect of such Bonds; and

- (iii) any necessary actions to be undertaken by the Directors for the purpose of giving effect to the above board resolutions;
 - (b) deliver or cause to be delivered to the Subscriber a copy of the resolutions of the Shareholders referred to in Clause 3.1(a);
 - (c) duly execute the Bond Instrument under seal and issue the Bonds to the Subscriber (or her nominee(s)) as fully paid and free from any Encumbrances by delivering the Bond Certificate(s) representing the principal amount of the Bonds in such denominations as notified by the Subscriber to the Issuer three (3) Business Days prior to the Completion Date; and
 - (d) deliver or cause to be delivered to the Subscriber the Deed of Set-Off, duly executed by the Issuer and the Borrower.
- 4.3 At Completion, the Subscriber shall deliver or cause to be delivered to the Issuer the Deed of Set-Off duly executed by the Subscriber and such delivery shall constitute a valid discharge of the Subscriber's payment obligation in respect of the subscription of the Bonds under Clause 2.2.
- 4.4 Without prejudice to any other remedies available to the Parties, neither the Subscriber nor the Issuer shall be obliged to proceed with the Completion or perform any obligations hereunder unless the other Party complies fully with the requirements of Clause 4.2 or Clause 4.3 (as the case may be). In the event of a breach by either Party of its/her obligation under Clause 4.2 or Clause 4.3 (as the case may be), the non-defaulting Party may in its/her absolute discretion (in addition and without prejudice to any other right or remedy available to it) by written notice to the other Party:
- (a) defer Completion to a date falling not more than 28 Business Days after the original Completion Date (so that the provisions of this Clause 4 other than Clause 4.1 as regards the Completion Date shall apply to the deferred Completion) *provided that*, time shall be of the essence as regards the deferred Completion and if Completion is not effected on such deferred date, the non-defaulting Party may rescind this Agreement; or
 - (b) proceed to Completion so far as practicable (but without prejudice to the non-defaulting Party's rights hereunder) insofar as the defaulting Party shall not have complied with its/her obligations hereunder; or
 - (c) treat this Agreement as terminated for breach by the defaulting Party of a condition of this Agreement without liability on the part of the non-defaulting Party provided that termination of this Agreement shall be without prejudice to any rights or remedies accrued to any Party prior to its/her termination.

5. COMPLIANCE WITH REGULATORY REQUIREMENTS

- 5.1 The Parties shall use their respective reasonable efforts to secure, if necessary, the consent of the SFC and the Stock Exchange for the issue of the Announcement and the despatch of the circular (the "**Circular**") to the Shareholders containing such information in relation to the Whitewash Waiver by such date as is required under the Takeovers Code and the Listing Rules (or such later date as may be approved by the SFC and the Stock Exchange).
- 5.2 Each Party undertakes to the other Party to provide all information and otherwise render all its/her reasonable assistance to the other Party for the purposes of the compliance with the requirements under the Takeovers Code and the Listing Rules and of the SFC and the Stock

Exchange in connection with the transactions contemplated under this Agreement in a timely manner.

- 5.3 The Parties hereby further undertake that they will each promptly supply such information as may be reasonably necessary to be included in the Announcement, the Circular and the documents to be published, despatched and/or released pursuant to the Takeovers Code in connection with the Whitewash Waiver, take respective responsibility for such information relevant to the respective Party and authorise the publication, despatch and/or release of the Announcement, the Circular and all other relevant documents in connection with the transactions contemplated under this Agreement.

6. REPRESENTATIONS AND WARRANTIES

- 6.1 The Issuer represents and warrants to the Subscriber that each of the statements set out in Schedule 1 (*Representations and Warranties*) is and will be true and correct and not misleading in any material respects on the date of this Agreement and at Completion (by reference to the facts and circumstances existing at the relevant time).
- 6.2 The Subscriber represents and warrants to the Issuer that on the date of this Agreement and at Completion:
- (a) the Subscriber has full capacity and legal right to own her property and assets and to carry on her business;
 - (b) the Subscriber has full capacity and legal right to enter into and engage in the transactions contemplated by this Agreement;
 - (c) this Agreement constitutes legal, valid and binding obligations of the Subscriber enforceable in accordance with its terms subject to laws of general application;
 - (d) the Subscriber:
 - (i) is of sound mind and full mental capacity and fully understands the contents of this Agreement; and
 - (ii) has obtained independent legal advice with respect to this Agreement prior to her execution hereof;
 - (e) neither the execution of this Agreement nor the performance by the Subscriber of any of her obligations or the exercise of any of her rights hereunder will conflict with or result in a breach of any law, regulation, judgement, order, authorisation, agreement or obligation applicable to her or cause any limitation placed on her to be exceeded or result in the creation of or oblige the Subscriber to create an Encumbrance in respect of any of her property or assets;
 - (f) all authorisations required from any governmental or other authority or from any creditors of the Subscriber (if any) for or in connection with the execution, validity and performance of this Agreement have been or will be obtained before Completion and remain in full force and effect;
 - (g) the facts and information relating to herself set out in the Recitals are true and accurate; and
 - (h) save for the transactions contemplated under this Agreement, none of the Subscriber and parties acting in concert with her has dealt in the securities of the Issuer in the six-month period prior to the date of this Agreement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the transactions contemplated under this Agreement.

7. EXPENSES

Each Party shall be responsible for its/her own costs and expenses in connection with the preparation and execution of the Transaction Documents.

8. CONFIDENTIALITY

None of the Parties shall, without the prior consent of the other Party, disclose the terms of, or any matters referred to in, this Agreement except to its/her professional advisers and senior management whose province it is to know such terms or matters and to those persons to whom it may be necessary to disclose such terms or matters for the purpose of or in connection with this Agreement and subject as required by law or by the Stock Exchange, the SFC or any other relevant authorities in Hong Kong or elsewhere or by virtue of the SFO, the Listing Rules, the Takeovers Code or of any other regulatory requirements.

9. ANNOUNCEMENTS

9.1 Subject to Clause 9.2, no Party shall prior to Completion and thereafter make any public announcement in relation to the transactions the terms of which are set out in this Agreement or the transactions or arrangements hereby contemplated or herein referred to or any matter ancillary hereto or thereto without the respective prior written consent of the other Party (which consent shall not be unreasonably withheld or delayed).

9.2 This Clause shall not apply to the Announcement, the Circular and any announcements, circulars, notices or documents required to be made, issued, despatched and/or published by either Party pursuant to the SFO, the Listing Rules and/or the Takeovers Code or upon the request of the SFC or the Stock Exchange or any other governmental or regulatory body having competent authority over that Party.

10. NOTICES

10.1 Communications in writing

Any communication to be made under or in connection with the Transaction Documents shall be made in writing and, unless otherwise stated, may be made in person, by post, by facsimile or by e-mail or other electronic communication. For the purpose of this Agreement, an electronic communication will be treated as being in writing.

10.2 Addresses

The address and fax number and e-mail address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Transaction Documents is as follows:

- (a) in the case of the Issuer, that identified with its name in its signature page below; and
- (b) in the case of the Subscriber, that identified with her name in her signature page below;

or any substitute address, fax number, e-mail address or department or officer as the Party may notify to the other Party by not less than five (5) Business Days' notice.

10.3 Delivery

- (a) Any communication or document made or delivered by one person to another under or in connection with the Transaction Documents will be effective:

- (i) if in person, at the time of delivery;
- (ii) if by e-mail or any other electronic communication, when received in legible form;
- (iii) if by way of fax, only when the relevant delivery receipt is received by the sender; or
- (iv) if by way of letter, only when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it/her at that address;

and, if a particular department or officer is specified as part of its address details provided under Clause 10.2 (*Addresses*), if addressed to that department or officer.

- (b) Any communication or document which becomes effective, in accordance with this Clause 10, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following Business Day.

11. PARTIAL INVALIDITY

If, at any time, any provision of the Transaction Documents is held by a court of competent jurisdiction to be illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired. The Parties shall then use all reasonable endeavours to replace the illegal, invalid or unenforceable provision(s) by a legal, valid and enforceable substitute provision the effect of which is as close as possible to the intended effect of the illegal, invalid or unenforceable provision.

12. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising any right or remedy under the Transaction Documents shall operate as a waiver of any such right or remedy or constitute an election to affirm any of the Transaction Documents. No election to affirm any of the Transaction Documents shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

13. AMENDMENTS AND WAIVERS

Except as provided for herein and in other Transaction Documents, any term of the Transaction Documents may only be amended or waived with the written consent of the Subscriber and the Issuer.

14. DURATION

14.1 Effectiveness

This Agreement shall become effective upon execution and shall continue in full force and effect until all liabilities and obligations under or pursuant to the Transaction Documents have been irrevocably paid and discharged in full unless otherwise terminated in accordance with Clause 14.2 (*Termination*).

14.2 Termination

Subject to Clause 14.3 (Survival), this Agreement may be terminated if any one or more of the Conditions listed in Clause 3 (Conditions) is not fulfilled, satisfied or waived on or before the Long Stop Date.

14.3 Survival

- (a) Clauses 1 (*Definitions*), 7 (*Expenses*), 8 (*Confidentiality*), 9 (*Announcements*), 10 (*Notices*), 14.3 (*Survival*) and 18 (*Governing law and enforcement*) of this Agreement will survive any termination of this Agreement.
- (b) This Clause is without prejudice to any rights or obligations which have accrued before termination of this Agreement.

15. FURTHER ASSURANCE

15.1 The Issuer agrees (at its own cost) to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as the Subscriber may reasonably require, whether on or after Completion, to implement and/or give effect to this Agreement and the transactions contemplated hereunder and for the purpose of vesting in the Subscriber the full benefit of the assets, rights and benefits to be vested in the Subscriber under or pursuant to this Agreement including the legal and beneficial ownership of the Bonds.

15.2 The Subscriber agrees (at her own cost) to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as the Issuer may reasonably require, whether on or after Completion, to implement and/or give effect to this Agreement and the transactions contemplated hereunder.

16. ENTIRE AGREEMENT

Subject to any terms implied by law, this Agreement, together with the other Transaction Documents and any agreements or documents referred to herein, sets out the entire agreement and understanding between the Parties with respect to the subject matter contained herein and supersedes all prior agreements, understandings, negotiations and discussions (whether oral or written) and all previous agreements in relation to the subject matter contained herein are hereby terminated and shall have no further force or effect save that nothing in this Agreement shall exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

17. COUNTERPARTS

Each Transaction Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Transaction Documents.

18. GOVERNING LAW AND ENFORCEMENT

18.1 Governing law

This Agreement and any non-contractual obligations arising out of or in connection therewith are governed by and shall be construed in accordance with Hong Kong law.

18.2 Jurisdiction of Hong Kong Courts

- (a) The courts of Hong Kong have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Agreement or its subject matter, existence, negotiation, validity, termination or enforceability (a “**Dispute**”).
- (b) The Parties agree that the courts of Hong Kong are the most appropriate and convenient courts to settle the Disputes and accordingly the Subscriber will not:
 - (i) argue to the contrary; or
 - (ii) take any proceedings relating to a Dispute in any jurisdiction other than Hong Kong.

18.3 Contracts (Right of Third Parties) Ordinance

A person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce, or to enjoy the benefit of, any term of this Agreement.

IN WITNESS whereof the Parties have executed this Agreement at the end of the Schedules on the date first above written.

SCHEDULE 1

REPRESENTATIONS AND WARRANTIES

1. **Validity of Transaction Documents:** this Agreement has been duly authorised, executed and delivered by the Issuer and constitutes, and the other Transaction Documents have been duly authorised by the Issuer prior to the Completion Date and upon execution and delivery prior to or on the Completion Date, will constitute, valid and legally binding obligations of the Issuer.
2. **Status of the Conversion Shares:** the Conversion Shares, when issued and delivered in the manner contemplated by the Bond Instrument:
 - (a) will be duly and validly issued, credited as fully-paid and non-assessable;
 - (b) will rank *pari passu* and carry the same rights and privileges in all respects as the Shares in issue at the date of issue of the Conversion Shares and shall be entitled to all dividends and other distributions declared, paid or made thereon after the relevant date of issue of the Conversion Shares; and
 - (c) will be free and clear of all Encumbrances and will not be subject to calls for further funds.
3. **Status of the Bonds:** subject to the terms and conditions of the Bond Instrument, the Bonds (when issued) will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will at all times rank *pari passu* without any preference among themselves and with all other present and future direct, unconditional, unsecured and unsubordinated obligations of the Issuer save for such exceptions as may be provided by mandatory provisions of applicable law.
4. **Authorised Share Capital:** the Issuer has, or prior to the Completion Date will have, sufficient authorised but unissued share capital to satisfy the issue of such number of Conversion Shares as would be required to be issued on conversion of all the Bonds at the initial Conversion Price and shall maintain at all times sufficient authorised but unissued share capital to satisfy the issue of sufficient Conversion Shares at the prevailing Conversion Price of the Bonds.
5. **Pre-emptive Rights and Options:**
 - (a) the issue of the Conversion Shares will not be subject to any pre-emptive or similar rights;
 - (b) other than the 2012 Share Option Scheme, any options granted and securities issued pursuant to the 2012 Share Option Scheme, the Existing Convertible Bonds and the Bonds, there are no outstanding securities issued by the Issuer or its Subsidiaries convertible into or exchangeable for, or warrants, rights or options, or agreements to grant warrants, rights or options, to purchase or to subscribe for Shares from the Issuer or its Subsidiaries;
 - (c) other than the general mandate to issue and purchase Shares granted to the Directors at the annual general meeting of the Issuer on 13 August 2020, the 2012 Share Option Scheme, the Existing Convertible Bonds and the Bonds, there are no other or similar arrangements approved by the Board or a general meeting of Shareholders providing for the issue or purchase of Shares or the subscription for Shares; and
 - (d) no unissued share capital of the Issuer is under option or agreed conditionally or unconditionally to be put under option except pursuant to the Bonds, the Existing Convertible Bonds, the 2012 Share Option Scheme or any option granted thereunder.

6. **Listing:** all of the Shares are duly listed on the Stock Exchange.
7. **Compliance:** the execution, delivery and performance of the Transaction Documents, the issue of the Bonds, the issue of the Conversion Shares on conversion of the Bonds, the carrying out of the other transactions contemplated by the Transaction Documents and compliance with their terms do not and will not:
 - (a) conflict with or result in a breach of any of the terms or provisions of, or constitute a default (nor has any event occurred which, with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement would result in a default by the Issuer or any member of the Group) under, (i) the documents constituting the Issuer, or (ii) any indenture, contract, lease, mortgage, deed of trust, bond/note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which the Issuer or any member of the Group is a party or by which any of their respective properties are bound or to which any of the property or assets of the Issuer or any member of the Group is subject (collectively the “**Agreements and Instruments**”), except where such conflict, breach or default of such Agreements and Instruments in (ii) above would not, individually or in the aggregate, have a Material Adverse Effect; or
 - (b) infringe any existing applicable law, rule, regulation, judgment, order, authorisation or decree of any government, governmental or regulatory body or court, domestic or foreign, having jurisdiction over the Issuer or any member of the Group or any of their respective properties; or
 - (c) infringe the rules of any stock exchange on which securities of the Issuer are listed.
8. **Absence of Default and Conflicts:** neither the Issuer nor any member of the Group is in breach, violation of or in default (nor has any event occurred which, with the giving of notice or lapse of time or both would result in a default by the Issuer or any member of the Group) under (i) its constitutional documents, or (ii) any of the Agreements and Instruments or (iii) any law, rule, regulation, judgment, order, authorisation or decree of any government, governmental or regulatory body or court, domestic or foreign having jurisdiction over the Issuer or any member of the Group or any of their respective assets and properties, except where such breach, violation or default would not, individually or in the aggregate, have a Material Adverse Effect.
9. **No Default:** each member of the Group is currently in all material respects in compliance with all financial covenants in its outstanding indebtedness and is not in breach or potential breach of any provision of such indebtedness, nor will be in breach or potential breach of any provision of such indebtedness following issuance of the Bonds which would, individually or in the aggregate, have a Material Adverse Effect.

SCHEDULE 2

FORM OF BOND INSTRUMENT

Dated _____ 2020

CHINA LOTSYNERGY HOLDINGS LIMITED

(as Issuer)

BOND INSTRUMENT

constituting

HK\$50,000,000 8 per cent. convertible bonds of the Issuer due 2022

THIS INSTRUMENT is made by way of deed poll on _____ 2020 (the "**Issue Date**")

BY:

CHINA LOTSYNERGY HOLDINGS LIMITED, a company incorporated in Bermuda (the "**Issuer**") whose registered address is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda (the "**Registered Office**") and whose principal place of business is at Unit 3308, 33rd Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong (the "**Specified Office**").

WHEREAS:

The Issuer has, in accordance with its memorandum of association and bye-laws and by a resolution of the Board passed on 9 October 2020, resolved to create and issue the 8 per cent. convertible bonds due 2022 in the aggregate principal amount of HK\$50,000,000 (the "**Bonds**") constituted as provided below.

NOW THIS INSTRUMENT WITNESSES AND THE ISSUER DECLARES as follows:

1. Definitions and Interpretation

1.1 For the purpose of this Instrument and these Conditions, the words and expressions set out below shall have the meaning attributed to them below unless the context otherwise requires:

"**acting in concert**" has the meaning ascribed to it in the Takeovers Code.

"**Approved Financial Adviser**" means an independent reputable accounting firm, merchant bank or other reputable financial institution appointed by the Issuer, and approved by the Bondholders, at the cost of the Issuer.

"**Board**" means the board of directors of the Issuer from time to time.

"**Bondholder(s)**" means the holder(s) of the Bonds from time to time.

"**Business Day**" means a day (other than a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning number 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours.

"**Capital Distribution**" means: (i) any distribution of assets in specie by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of Shares or other securities credited as fully or partly paid (other than Shares credited as fully paid) by way of capitalisation of reserves); and (ii) any cash Dividend or distribution of any kind by the Issuer for any financial period (whenever paid and however described).

"**CCASS**" means the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited.

"**Certificate**" has the meaning given to it in Condition 3.1.

"**Closed Conversion Period**" has the meaning given to it in Condition 9.1.

"**Closed Period**" has the meaning given to it in Condition 4.5.

"**Conversion Date**" has the meaning given to it in Condition 9.7.

"**Conversion Period**" has the meaning given to it in Condition 9.1.

"**Conversion Price**" has the meaning given to it in Condition 9.4.

"**Conversion Right**" has the meaning given to it in Condition 9.1.

"**Conversion Shares**" means the Shares to be allotted and issued by the Issuer upon Bondholder(s) exercising its Conversion Right under and in accordance with these Conditions.

"**Conversion Notice**" has the meaning given to it in Condition 9.6.

"**Current Market Price**" means in respect of the Shares on a particular date, the average closing price per Share (being a Share carrying full entitlements to dividends) quoted on the daily quotation sheets of the Stock Exchange for the five Trading Days immediately preceding such date; provided that if at any time during the said five Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (a) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of the amount of that dividend per Share; or
- (b) if the Shares to be issued in such circumstances rank for the dividend in question and in any other case, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by the amount equal to the Fair Market Value of that dividend per Share,

and provided further that if the Shares on each of the said five Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued in such circumstances do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share.

"**Day Count Fraction**" has the meaning given to it in Condition 7.4.

"**Dividend**" means any dividend or distribution, whether of cash, assets or other property, and whenever paid or made and however described (and for these purposes a distribution of assets includes, without limitation, an issue of Shares or other securities credited as fully or partly paid-up) provided that where a cash Dividend is announced which is to be, or may at the election of a holder or holders of Shares be, satisfied by the issue or delivery of Shares or other property or assets, then, the Dividend in question shall be treated as a cash Dividend of an amount equal to the greater of: (a) the cash Dividend so announced; and (b) the Current Market Price on the date of announcement of such Dividend, of such Shares or the Fair Market Value of other property or

assets to be issued or delivered in satisfaction of such Dividend (or which would be issued if all holders of Shares elected therefore, regardless of whether any such election is made).

"Encumbrance" means any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same and **"Encumber"** and **"Encumbrancer"** shall be construed accordingly.

"Event of Default" has the meaning given to it in Condition 14.

"Existing Convertible Bonds" means the Hong Kong dollar denominated unsecured convertible bonds with an outstanding principal amount of HK\$174,800,000 issued by the Issuer on 7 April 2017 (as the same may from time to time be amended and/or supplemented).

"Fair Market Value" means, with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Approved Financial Adviser (acting as expert); provided that: (a) the fair market value of a cash Dividend paid or to be paid per Share shall be the amount of such cash Dividend per Share determined as at the date of announcement of such Dividend; and (b) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Approved Financial Adviser) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five Trading Days on the relevant market commencing on the first such Trading Day on which such options, warrants or other rights are publicly traded.

"Group" means the Issuer and its Subsidiaries from time to time, and **"members of the Group"** shall be construed accordingly.

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

"Interest Payment Date" has the meaning given to it in Condition 7.1(b).

"Listing Rules" means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

"Maturity Date" means the second anniversary of the Issue Date, [*] 2022.

"PRC" means the People's Republic of China but excluding, for the purposes of these Conditions, Hong Kong, the Macau Special Administrative Region and Taiwan.

"Rate of Interest" means 8% per annum.

"Redemption Date" means the date of redemption as specified in the notice given by the Issuer pursuant to Condition 8.2 or any Bondholder pursuant to Condition 8.3 (as the case may be).

"Register of Bondholders" has the meaning given to it in Condition 3.3.

"Registration Date" has the meaning given to it in Condition 9.9(c).

"**Securities Act**" means the United States Securities Act of 1933, as amended.

"**SFC**" means the Securities and Futures Commission of Hong Kong.

"**Shares**" means the ordinary shares of an existing par value of HK\$0.025 each in the share capital of the Issuer and listed on the Stock Exchange and all other (if any) stock or shares from time to time and for the time being ranking *pari passu* therewith, and all other (if any) stock or shares resulting from such Shares from time to time or from any sub-division, consolidation, re-classification or re-designation thereof, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

"**Shareholder(s)**" means holder(s) of the Shares.

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

"**Subscription Agreement**" means the convertible bond subscription agreement dated 9 October 2020 between the Issuer as issuer and Lau Ting as subscriber in respect of the issuance of and subscription for the Bonds, as varied, amended, modified, supplemented or novated from time to time.

"**Subsidiary**" has the meaning ascribed to it under the Listing Rules.

"**Takeovers Code**" means the Hong Kong Code on Takeovers and Mergers administered by the SFC.

"**Tax**" and "**Taxation**" means: (a) any form of tax whenever created or imposed and whether of Hong Kong, the PRC or elsewhere, payable to or imposed by any taxation authority and includes, without limitation, profits tax, provisional profits tax, interest tax, salaries tax, property tax, taxes on income, estate duty, capital duty, stamp duty, payroll tax and other similar liabilities or contributions and any other taxes, levies, duties, charges, imposts or withholdings similar to, corresponding with, or replacing or replaced by any of the foregoing and including an amount equal to any deprivation of any relief from taxation; and (b) all charges, interests, penalties and fines, incidental or relating to any Taxation falling within (a) above.

"**Total Redemption Amount**" means 100% of the outstanding principal amount, together with accrued interest, and all other amounts accrued or outstanding under the Bonds.

"**Transaction Documents**" means the Subscription Agreement, this Instrument or the Certificate and any other documents entered into as contemplated thereby or in relation thereto from time to time.

"**Trading Day**" means a day on which trading of the Shares is conducted on the Stock Exchange in accordance with the rules and regulations of the Stock Exchange promulgated from time to time.

- 1.2 A reference to a "**date of announcement**" shall mean the first date on which the matter or document referred to in the public announcement made under the Listing Rules could have been released and uploaded on the official website of Hong Kong Exchanges and Clearing Limited; and for the avoidance of doubt, where (a) the public announcement is released and uploaded on a day subsequent to the date of the occurrence of the underlying matter or the execution of the underlying

document or (b) a public announcement is required to be made under the Listing Rules but is not made, the "**date of announcement**" shall be deemed to be the date of the occurrence of the underlying matter or the execution of the underlying document; and "**announced**" and "**announcement**" shall be construed accordingly.

- 1.3 A reference to "**outstanding**" in relation to the Bonds shall mean all the Bonds issued other than:
- (a) those which have been redeemed or in respect of which Conversion Rights have been exercised and which have been cancelled in accordance with these Conditions;
 - (b) those which have become void or those in respect of which claims have become prescribed under Condition 15; and
 - (c) those which have been purchased and cancelled as provided in Condition 12.
- 1.4 Except as otherwise expressly provided, expressions defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) have the same meanings when used in these Conditions.
- 1.5 A reference to a statute or statutory provision includes a reference:
- (a) to that statute or provision as from time to time modified or re-enacted; and
 - (b) to any orders, regulations, instruments or other subordinate legislation made under the relevant statute or statutory provision.
- 1.6 References to any Hong Kong statutory provision or legal term for any action, remedy, method of judicial proceeding, legal document, legal statutes, court, official or other legal concept, state of affairs or thing shall in respect of any jurisdiction other than Hong Kong be deemed to include that which most nearly approximates in that jurisdiction to the Hong Kong statutory provision or legal term or other legal concept, state of affairs or thing.
- 1.7 Unless the context otherwise requires:
- (a) words in the singular include the plural, and vice versa;
 - (b) words importing any gender include all genders; and
 - (c) a reference to a person includes a reference to a body corporate and to an unincorporated body of persons.
- 1.8 Condition headings in this Instrument are included for convenience of reference only and shall not constitute a part of the Bonds for any other purpose. The Exhibits to this Instrument form part of this Instrument and shall be read accordingly.
- 1.9 References to:
- (a) costs, charges or expenses include any withholding, value added, turnover or similar tax charged in respect thereof; and
 - (b) "**Hong Kong dollars**" and "**HK\$**" are to the lawful currency for the time being of Hong Kong.

2. Status

The Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all of the Issuer's other present and future direct, unsubordinated, unconditional and unsecured obligations.

3. Form, Denomination, Title, Register, Certificate

3.1 *Form and Denomination*

The Bonds are issued in registered form in the denomination of HK\$1,000,000 each. Bond certificate(s) (the form of which being set out in Exhibit A and each, a "**Certificate**") will be issued to each Bondholder in respect of its registered holding of the Bonds. Each Bond and each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register of Bondholders (as defined below) which will be kept by the Issuer pursuant to Condition 3.3.

3.2 *Title*

Title to the Bonds will pass only by transfer and registration in the Register of Bondholders as described in Condition 4. The registered holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, "**Bondholder**" and (in relation to a Bond) "**Holder**" or "**holder**" mean the person in whose name a Bond is registered.

3.3 *Register of Bondholders*

- (a) The Issuer will cause to be kept at its registered office in Bermuda a register (the "**Register of Bondholders**") on which the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and all transfers, redemptions and conversions of the Bonds are entered, and the Issuer shall, subject to Condition 4, update the particulars entered on the Register of Bondholders promptly upon, and in any event within five Business Days after receipt of information about changes of such particulars from the Bondholders.
- (b) Any Bondholder may require a copy of the names and addresses of the Bondholders and the amount of outstanding principal amount of each of such Bondholders as set forth in the Register of Bondholders, and a copy of the Register of Bondholders shall promptly upon, and in any event within five Business Day after, receipt by the Issuer of such requirement, be made available for collection at the Specified Office of the Issuer or, if so requested by any Bondholder, be mailed by uninsured mail at the risk and cost of the Bondholder entitled.

3.4 *Certificate*

Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, converted, redeemed or repurchased will, within five Business Days of delivery of the original Certificate together with the other documents required under these Conditions to the Issuer, be made available for collection at the Specified Office of the Issuer or, if so requested in the form of transfer (the form of which being set out in Exhibit B), be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted, redeemed or repurchased (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register of Bondholders.

4. Transfers of Bonds

- 4.1 Subject to Conditions 4.2 to 4.4, a Bond may be transferred or exchanged in whole or in part at any time by delivery of the Certificate issued in respect of that Bond, with the endorsed form of transfer (the form of which being set out in Exhibit B) duly completed and signed by the registered Bondholder or his attorney duly authorised in writing, to the Issuer at the Specified Office, and the Issuer will, within five Business Days of receipt by the Issuer of the documents above, register the transfer in question. No transfer of title to a Bond will be valid unless and until entered on the Register of Bondholders.
- 4.2 A Bond may only be transferred if such transfer shall be in compliance with these Conditions and further subject to (where applicable) the conditions, approvals, requirements and any other provisions of or under the Listing Rules, the Takeovers Code and all applicable law and regulations and codes.
- 4.3 Each new Certificate to be issued upon a transfer of the Bonds will, within five Business Days of receipt by the Issuer of the original Certificate and the form of transfer duly completed and signed and, if required under applicable laws, stamped, be made available for collection at the Specified Office of the Issuer or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer's expense) to the address specified in the form of transfer.
- 4.4 Registration of a transfer of the Bonds and issuance of new Certificates will be effected without charge by the Issuer, but only upon (i) payment by the relevant holder in respect of any tax or other governmental charges which may be imposed in relation to such transfer; (ii) the Issuer being satisfied in its absolute discretion with the documents of title and/or the identity of the person making the application; and (iii) the Issuer being satisfied that the regulations concerning transfer of Bonds having been satisfied.
- 4.5 No Bondholder may require the transfer of the Bonds to be registered (a) during the period of 10 days ending on (and including) the dates for payment of any principal pursuant to these Conditions; (b) during the period of 10 days ending on (and including) the dates for redemption pursuant to Condition 8.2; (c) after a Conversion Notice has been delivered by such Bondholder with respect to such part of the Bonds to be converted under such Conversion Notice; (d) after a redemption notice has been deposited by such Bondholder in respect of such Bonds pursuant to Condition 8.3; and (e) during the period of five days ending on (and including) any Interest Payment Date. Each such period in the immediately preceding sentence is a "**Closed Period**".

5. Deposit of Instrument

The Issuer hereby acknowledges the right of every Bondholder to the production of this Instrument

and shall ensure that copies of this Instrument are available for inspection by any Bondholder during normal office hours at the Specified Office on any Business Day.

6. Benefit of Instrument

6.1 *Deed poll*

This Instrument shall take effect as a deed poll for the benefit of the Bondholders from time to time.

6.2 *Benefit*

This Instrument shall enure to the benefit of the Bondholders and their (and any subsequent) successors and assignees, each of which shall be entitled severally to enforce this Instrument against the Issuer.

7. Interest

7.1 *Interest Commencement and Rate of Interest*

- (a) The Bonds bear interest from and including the Issue Date to but excluding the Maturity Date at the Rate of Interest of the outstanding principal amount of the Bonds and calculated in accordance with Condition 7.4.
- (b) Such interest shall be payable monthly in arrears on the [*] day of each month in each year (each an "**Interest Payment Date**") commencing on [*insert the date falling one month after the Issue Date*], provided that if any Interest Payment Date otherwise falls on a day which is not a Business Day, it shall be brought forward to the previous Business Day. In relation to any Bond the Conversion Right of which has been exercised, the interest accrued from and including the Interest Payment Date last preceding the Conversion Date to but excluding the Conversion Date shall be payable on the Conversion Date.
- (c) Interest in respect of a Bond shall be calculated and paid in Hong Kong dollars.

7.2 *Cessation of Interest Accrual*

Each Bond or portion of a Bond will cease to bear interest on the relevant Redemption Date or Conversion Date subject to actual redemption or conversion (as the case may be) and cancellation of that relevant Bond or portion of a Bond in accordance with the provisions of these Conditions.

7.3 *Principal Amount Not Paid on Due Date*

If, upon due presentation of any Certificate in respect of a Bond or any portion thereof on the due date for redemption, payment of principal is improperly held or refused, such Bond will continue to bear interest at the Rate of Interest (both before and after judgment) until the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder.

7.4 *Interest Amounts*

Any interest in respect of a Bond shall be calculated by adopting the relevant Day Count Fraction and rounding the resulting figure to the nearest HK\$ (half a HK\$ being rounded upwards), where "**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period divided by 365 (the number of days to be calculated on the basis of a year of 365 days).

8. Redemption

8.1 *Issuer's Redemption Obligation on the Maturity Date*

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem the Bonds at its principal amount, plus accrued and unpaid interest, if any, on the Maturity Date.

8.2 *Redemption at the Option of the Issuer*

At any time during the period commencing on the Issue Date to the date immediately prior to the Maturity Date, the Issuer may, having given not less than 14 nor more than 60 days' notice to the Bondholders (which notice will be irrevocable), redeem all or some only of, the Bonds for the time being outstanding at their principal amount, plus interest accrued up to but excluding the date of redemption, on the date specified by the Issuer in the notice to be the date of redemption.

8.3 *Redemption at the Option of the Bondholder*

- (a) At any time during the period commencing on the date falling 18 months after the Issue Date to the date immediately prior to the Maturity Date, any Bondholder may by completing, signing and depositing at the Specified Office during normal business hours not less than 14 nor more than 60 days, a notice of redemption in the form (for the time being current) obtainable from the Specified Office, together with the Certificate in respect of the Bonds being redeemed, require the Issuer to redeem all or some only of the Bonds held by such Bondholder on the date specified by such Bondholder in the notice to be the date of redemption at their principal amount, plus interest accrued up to the date fixed for redemption.
- (b) Any such notice of redemption will be irrevocable unless its revocation is approved in writing by the Issuer not later than five days prior to the date for redemption of the relevant Bonds and will bind the Issuer to redeem the Bonds to which such notice relates. A Certificate once deposited may not be withdrawn without the consent in writing of the Issuer.

8.4 *Redemption Notices*

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to this Condition), the first in time shall prevail.

9. Conversion

9.1 *Conversion Right*

- (a) Each Bond shall entitle the Bondholder to convert such Bond or part of a Bond into Shares on one or more than one occasion during the Conversion Period in respect of all or part of

the outstanding principal amounts under the Bonds in accordance with these Conditions. The right of each Bondholder to convert any Bond or any part of a Bond held by it into Shares is referred to as the "**Conversion Right**". The Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on and after the Issue Date up to the date immediately prior to the Maturity Date (both days inclusive), or if such Bond is to be called for redemption by the Issuer before the Maturity Date pursuant to Condition 8.2, then up to the date no later than 10 days prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8.3 then up to the date prior to the giving of such notice (the "**Conversion Period**") in accordance with the provisions of these Conditions.

- (b) Conversion Rights may not be exercised in relation to any Bond during any period (a "**Closed Conversion Period**") (a) commencing on the record date for determination of the shareholders of the Issuer entitled to receive notice of the Issuer's annual general shareholders' meeting or any extraordinary shareholders' meeting of the Issuer and ending on the date of such meeting or (b) commencing on the record date for determination of the shareholders of the Issuer entitled to receipt of dividends, rights and other benefits and ending on the date of receipt of such dividend, right or benefit. The Issuer will give notice of such Closed Conversion Period to the Bondholders prior to the beginning of each such period.
- (c) Any exercise of the Conversion Right is subject to such exercise not having directly resulted in:
 - (i) violations by the Issuer of its obligations under the Listing Rules that regulate exercise of securities convertible into Shares; or
 - (ii) less than 25% (or such other minimum percentage threshold as may be prescribed from time to time under the Listing Rules that regulate the required public float of companies listed on the Stock Exchange) of the Issuer's then total issued share capital being held by the public as defined in the Listing Rules for such purpose,

except that if any such result, event or circumstance described in (i) and/or (ii) above arises from or is otherwise due to, wholly or partly and directly or indirectly, act or omission of the Issuer, then the above provisions of this Condition 9.1(c) shall not apply.

9.2 *Number of Shares issuable on Conversion*

The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted by the Conversion Price in effect at the Conversion Date. A Conversion Right may be exercised in respect of one or more Bonds or any part of a Bond. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amounts of the Bonds to be converted.

9.3 *Fractions of Shares*

Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the

aggregate principal amounts of such Bonds being so converted and rounded down to the nearest whole number of Shares. Despite the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after the Issue Date which reduces the number of Shares outstanding, the Issuer will upon conversion of the Bonds pay in cash in Hong Kong dollars a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 9.2, as corresponds to any fraction of a Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds HK\$100.00. Any such sum shall be paid not later than five Business Days after the relevant Conversion Date by means of a Hong Kong dollar cheque drawn on, or by a transfer to a Hong Kong dollar account maintained by the payee with, a bank in Hong Kong, in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

9.4 *Conversion Price*

The price at which Shares will be issued upon conversion (the "**Conversion Price**") will initially be HK\$0.15 per Share which will be subject to adjustment in the manner provided in Condition 9.10.

9.5 *Revival and/or Survival after Default*

Despite the provisions of Condition 9.1, if (a) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events under Condition 14, or (b) any Bond is not redeemed on the Maturity Date in accordance with Condition 8.1, then:

- (a) the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Bondholders (the "**payment date**"); and
- (b) any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion prior to the payment date shall be converted on the relevant Conversion Date, notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by any Bondholder before such Conversion Date or that the Conversion Period may have expired before such Conversion Date, but provided that arrangements satisfactory to the Issuer and the relevant Bondholder shall have been reached concerning repayment of such funds within 14 Business Days from the payment date.

9.6 *Conversion Notice*

To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at its own expense during normal business hours at the Specified Office a notice of conversion (a "**Conversion Notice**") in the form scheduled to these Conditions as Exhibit C, together with the relevant Certificate and confirmation that any amounts required to be paid by the Bondholder under Condition 9.8 have been so paid.

9.7 *Conversion Date*

The conversion date in respect of a Bond (the "**Conversion Date**") must fall at a time when the Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable and will

be deemed to be the Trading Day immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any payment to be made under these Conditions in connection with the exercise of such Conversion Right. A Conversion Notice deposited outside normal business hours at the Specified Office or on a day which is not a Business Day shall for all purposes be deemed to have been deposited with the Issuer during normal business hours on the next Business Day following such day. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal or the Issuer fails to deliver Shares in accordance with these Conditions.

9.8 *Stamp Duty, etc.*

The Bondholder delivering a Certificate in respect of the Bonds for conversion must pay directly to the relevant authorities: (A) any taxes and capital, stamp, issue, documentary and registration duties arising on conversion (other than any taxes or capital or stamp duties payable in Bermuda and Hong Kong by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Stock Exchange on conversion) and (B) all, if any, taxes arising by reference to any disposal or deemed disposal of the Bonds in connection with such conversion. The Issuer will pay all other expenses arising on the issue of Shares on conversion of the Bonds.

9.9 *Registration*

- (a) As soon as practicable, and in any event not later than ten Trading Days after the Conversion Date, the Issuer will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant Certificate and amounts payable by the Bondholder as required by these Conditions have been paid, register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the Issuer's register of members and will, if the Bondholder has also requested in the Conversion Notice and to the extent permitted under the rules and procedures of the CCASS effective from time to time, take all necessary action to procure that Shares are delivered through the CCASS for so long as the Shares are listed on the Stock Exchange; or will make such certificate or certificates available for collection at the office of the Issuer's branch share registrar in Hong Kong (currently, 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong) or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single share certificate will be issued in respect of all Shares issued on conversion of Bonds subject to the same Conversion Notice and which are to be registered in the same name.
- (b) If the Conversion Date in relation to the conversion of any Bond shall be after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Conversion Price pursuant to Condition 9.10, but before the relevant adjustment becomes effective under the relevant Condition (a "**Retroactive Adjustment**"), upon the relevant adjustment becoming effective, the Issuer shall issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)) such additional number of

Shares ("**Additional Shares**") as is, together with Shares to be issued on conversion of the Bond(s), equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective on or immediately after the relevant record date, and in such event and in respect of such Additional Shares, references in this Condition 9.9 to the Conversion Date shall be deemed to refer to the date upon which the Retroactive Adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Conversion Period). However, this Condition relating to Retroactive Adjustment shall not apply where an adjustment of the Conversion Price under Condition 9.10 refers to the record date and such adjustment will take effect from the date next following such record date.

- (c) The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the Issuer's register of members (the "**Registration Date**"). The Shares issued upon conversion of the Bonds will be fully-paid and in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on conversion of the Bonds shall not be entitled to any rights the record date for which precedes the relevant Registration Date.
- (d) If the record date for the payment of any dividend or other distribution in respect of the Shares is on or after the Conversion Date in respect of any Bond, but before the Registration Date (disregarding any Retroactive Adjustment of the Conversion Price referred to in this sub-paragraph prior to the time such Retroactive Adjustment shall have become effective), the Issuer will calculate and pay to the converting Bondholder or his designee an amount in Hong Kong dollars (the "**Equivalent Amount**") equal to the Fair Market Value of such dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days after it has received from the Bondholder the bank account details as referred hereinafter. For the avoidance of doubt, such payment shall not be taken as a Capital Distribution, shall not trigger any adjustment as contemplated in Condition 9.10 and shall not reduce the amounts of dividend or distribution payable to those Shareholders whose names are on the Issuer's register of members on the record date. The Equivalent Amount shall be paid by transfer to a Hong Kong dollar account maintained by the payee with a bank in Hong Kong, in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.
- (e) Bonds which are converted will be cancelled by removal of the Bondholder's name from the Register of Bondholders on the relevant Registration Date

9.10 *Adjustments*

- (a) Subject as hereinafter provided, the Conversion Price shall from time to time be adjusted in accordance with the following relevant provisions and so that if the event giving rise to any such adjustment shall be such as would be capable of falling within more than one of sub-paragraphs (i) to (x) inclusive of this Condition 9.10, it shall fall within the paragraph that allows the greatest extent of adjustment to the exclusion of the remaining paragraphs:

- (i) *Consolidation, Subdivision or Reclassification:* If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (ii) *Capitalisation of Profits or Reserves:*

- (a) If and whenever the Issuer shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account) including Shares issued paid up out of distributable profits or reserves and/or share premium account, (other than (1) where Shares are issued in lieu of the whole or any part of a specifically declared cash Dividend or (2) where the Shareholders may elect to receive a cash Dividend in lieu of Shares, in which case Condition 9.10(ii)(b) applies) (the "**Relevant Cash Dividend**"), being a Dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Capital Distribution (a "**Scrip Dividend**"), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if the number of such Shares is fixed on announcement and a record date is fixed therefor, immediately after such record date.

- (b) In the case of an issue of Shares by way of a Scrip Dividend where the aggregate Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue of such Shares multiplied by the number of such Shares to be issued, exceeds the amount of the Relevant Cash Dividend or the relevant part thereof, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A+B}{A+C}$$

where:

- A is the number of Shares in issue immediately before such Scrip Dividend;
- B is the number of Shares which the Relevant Cash Dividend would purchase at such Current Market Price; and
- C is the number of Shares to be issued pursuant to such Scrip Dividend.

Such adjustment shall become effective on the date of issue of such Shares or if the number of such Shares is fixed on announcement and a record date is fixed therefor, immediately after such record date.

- (iii) *Capital Distribution:* If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders (except where the Conversion Price falls to be adjusted under (ii) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is made or if a record date is fixed therefor, immediately after such record date.

For the avoidance of doubt, Capital Distribution excludes all cash distributions paid to the Shareholders.

- (iv) *Rights Issues of Shares or Options over Shares:* If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class, by way of rights, of

options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 95% of the Current Market Price per Share on the last Trading Day preceding the date of the announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such announcement;

B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would purchase at such Current Market Price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants (as the case may be).

- (v) *Rights Issues of Other Securities:* If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) to all or substantially all Shareholders as a class, by way of rights, or the issue or grant to all or substantially all Shareholders as a class by way of rights, of any options, warrants or other rights to subscribe for or purchase or otherwise acquire, any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants (as the case may be).

- (vi) *Issues at less than Current Market Price:* If and whenever the Issuer shall issue (otherwise than as mentioned in (iv) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of conversion rights attached to the Existing Convertible Bonds or on the exercise of the options granted by the Issuer pursuant to its employee share option schemes, or any other rights of conversion into, or exchange or subscription for, Shares) or the issue or grant of (otherwise than as mentioned in (iv) above and other than the options granted by the Issuer pursuant to its employee share option schemes) options, warrants or other rights to subscribe or purchase Shares in each case at a price per Share which is less than 95% of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for or purchase any Shares;

B is the number of Shares which the aggregate consideration (if any) receivable by the Issuer for such additional Shares to be issued or otherwise made available or, as the case may be, upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Share; and

C is the maximum number of additional Shares issued or the maximum number of Shares that may be issued upon exercise of such options, warrants or rights.

References to additional Shares in the above formula shall, in the case of an issue or grant by the Issuer of options, warrants or other rights to subscribe for or purchase Shares, mean such Shares to be issued, or otherwise made available, assuming that such options, warrants or other rights are exercised in full at the initial exercise price (if applicable) on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the grant of such options, warrants or other rights.

- (vii) *Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other existing securities in accordance with the terms applicable to such existing securities themselves falling within the provisions of this (vii), if and whenever the Issuer or any member of the Group (otherwise than as mentioned in (iv), (v) or (vi) above) or (at the direction or request of or pursuant to any arrangements with the Issuer or any member of the Group) any other company, person or entity (otherwise than as mentioned in (iv), (v) or (vi) above) shall issue any securities (other than the Bonds and the options

granted by the Issuer pursuant to its employee share option schemes) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for or purchase of, or to otherwise acquire, Shares issued or to be issued by the Issuer or securities which by their terms may be redesignated Shares receivable upon conversion, exchange, subscription or redesignation at a consideration per Share which is less than 95% of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such issue or grant (but where the relevant securities carry rights of conversion into, or rights of exchange or subscription for, or purchase or acquisition of, Shares which have been issued by the Issuer for the purpose of, or in connection with, such issue, less the number of Shares so issued);

B is the number of Shares which the aggregate consideration (if any) receivable by the Issuer for the Shares to be issued or otherwise made available upon conversion or exchange or on exercise of the right of subscription or purchase or acquisition attached to such securities would purchase at such Current Market Price per Share; and

C is the maximum number of Shares to be issued or otherwise made available upon conversion or exchange of such securities or on the exercise of such rights of subscription or purchase or acquisition attached thereto at the initial conversion, exchange or subscription price or rate or, as the case may be, the maximum number of Shares to be issued or to arise or to be made available from any such redesignation.

Such adjustment shall become effective on the date of issue of such securities.

- (viii) *Modification of Rights of Conversion, etc.:* If and whenever there is any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities as are mentioned in (vii) above (other than in accordance with the existing terms applicable to such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95% of the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such modification (but where the relevant securities carry rights of conversion into, or rights of exchange or subscription for, or purchase or acquisition of, Shares which have been issued by the Issuer for the purpose of, or in connection with, such issue, less the number of Shares so issued);

B is the number of Shares which the aggregate consideration (if any) receivable by the Issuer for the Shares to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription, purchase or acquisition attached to the securities so modified would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange, subscription or purchase price of such securities; and

C is the maximum number of Shares to be issued, or otherwise made available, on conversion or exchange of such securities or on the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription or purchase price or rate but giving credit in such manner as an Approved Financial Adviser (acting as expert) considers appropriate (if at all) for any previous adjustment under this (viii) or (vii) above.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such securities.

- (ix) *Other Offers to Shareholders:* If and whenever the Issuer or any member of the Group or (at the direction or request of or pursuant to any arrangements with the Issuer or any member of the Group) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders generally (meaning for these purposes the holders of at least 50% of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under (iv), (v), (vi) or (vii) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue, sale or distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities.

- (x) *Other Events*: If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in any other provisions of this anti-dilution adjustment provision which in either case have or would have an effect on the position of the Bondholders as a class compared with the position of the holders of all the securities (and options, rights and warrants relating thereto) of the Issuer, taken as a class, which is analogous to any of the events referred to in (i) to (ix) (including any demerger, spin-off or similar arrangement in respect of any business of the Issuer and the Group), then, in any such case, the Issuer shall at its own expense request an Approved Financial Adviser (acting as expert) to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination provided that where the circumstances giving rise to any adjustment pursuant to this anti-dilution adjustment provision have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this anti-dilution adjustment provision as may be advised by an Approved Financial Adviser (acting as expert) to be in its opinion appropriate to give the intended result.
- (b) The provisions of Condition 9.10(a) shall not apply to:
 - (i) an issue of fully paid Shares upon the exercise of any conversion rights attached to the Existing Convertible Bonds;
 - (ii) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon exercise of any rights (including any conversion of any Bond) to acquire Shares (except a rights issue) provided that an adjustment (if required) has been made under this Condition 9.10 in respect of the issue of such securities or granting of such rights (as the case may be);
 - (iii) an issue of Shares or other securities of the Issuer wholly or partly convertible into, or options or rights to subscribe for or acquire, Shares to officers or employees of the Issuer or any of its Subsidiaries or other eligible persons, pursuant to any employee or executive share option scheme which has been or may be adopted in accordance with and in compliance with the Listing Rules.
- (c) All costs, charges, liabilities and expenses incurred in connection with the appointment, retention, consultation and remuneration of the Approved Financial Adviser appointed under these Conditions shall be borne by the Issuer.
- (d) Any adjustment to the Conversion Price shall be rounded down to the nearest Hong Kong cent.
- (e) Despite anything contained in these Conditions, no adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of this Condition 9.10 would be less than one-

tenth of a cent and any adjustment that would otherwise be required then to be made shall not be carried forward.

- (f) Despite any other provisions of this Condition 9.10, no adjustment shall be made which would result in the Conversion Price being reduced so that on Conversion, Shares would fall to be issued at a discount to their then nominal value, and in such case an adjustment shall be made to the effect that the Conversion Price will be adjusted to the then nominal value of the Shares.
- (g) Any adjustment to the Conversion Price shall not involve an increase in the Conversion Price (except upon any consolidation of the Shares pursuant to Condition 9.10(a)(i)).

9.11 The Issuer shall give notice to the Stock Exchange and the Bondholders in accordance with Condition 20 of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

10. Undertakings

10.1 The Issuer undertakes to the Bondholders that at any time and from time to time for so long as any Bond remains outstanding:

- (a) the Issuer has and shall continue from time to time to keep available for issue, free from pre-emptive rights, out of its authorised but unissued capital, sufficient Shares to satisfy in full the allotment and issuance of the Conversion Shares;
- (b) the Issuer shall use all reasonable endeavours to:
 - (i) maintain a listing for all the issued Shares on the Stock Exchange; and
 - (ii) obtain a listing on the Stock Exchange for all the Conversion Shares before any such Conversion Shares are issued upon exercise of the Conversion Right;
- (c) it will pay the expenses of the issue and delivery of, and all expenses of obtaining and maintaining the listing for, Shares arising on conversion of the Bonds;
- (d) the Issuer shall ensure that all Conversion Shares shall be duly and validly issued, fully paid and registered, and free from Encumbrances and all such Shares shall rank *pari passu* in all respects with the fully paid Shares in issue on the relevant Registration Date and shall accordingly entitle the holders thereof to participate in full in all dividends or other distributions the record date for which falls on a date on or after the relevant Registration Date;
- (e) the Issuer shall comply with and procure the compliance of all conditions imposed by the Stock Exchange for approval of the issue of the Bonds or for the listing of and permission to deal in the Shares issued or to be issued on conversion and ensure the continued compliance thereof;
- (f) the Issuer shall not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund (except, in each case, as permitted by law);

- (g) the Issuer shall notify the Bondholders in writing immediately upon becoming aware of the occurrence of any Event of Default or any event or circumstance which would, with the giving of notice and/or the lapse of time and/or the issuing of a certificate, become an Event of Default; and
 - (h) the Issuer shall at all times use its best endeavours to ensure that the minimum public float requirement of the Listing Rules is complied with.
- 10.2 A Bondholder shall not exercise the Conversion Right if, as a result of the issue of the relevant Conversion Shares pursuant to the Conversion Right, if exercised, a general offer obligation will be triggered on the part of such Bondholder in respect of the Issuer under Rule 26 of the Takeovers Code, unless such Bondholder complies with its general offer obligation under Rule 26 of the Takeovers Code or applicable waiver from general offer obligation having been obtained by such Bondholder pursuant to Rule 26 of the Takeovers Code.

11. Payments

11.1 *Principal Amount and Interest*

- (a) Payment of principal, interest, and any other sums due in respect of the Bonds will be made by transfer to the registered account of the relevant Bondholder in Hong Kong dollars. Payment of principal will only be made after surrender of the relevant Certificate at the Specified Office of the Issuer in Hong Kong.
- (b) Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of such interest to the holder shown on the Register of Bondholders at the close of business on the second Business Day before the due date for the payment of such interest. Payment of interest on each Bond will be made by transfer to the registered account of the relevant Bondholder.
- (c) When making payments to Bondholders, fractions of one Hong Kong cent will be rounded down or up (as the case may be) to the nearest Hong Kong cent.

11.2 *Registered Accounts*

For the purpose of this Condition 11, a Bondholder's registered account means the Hong Kong dollar account designated by it from time to time, details of which appear on the Register of Bondholders at the close of business on the second Business Day before the due date for payment.

11.3 *Fiscal Laws*

All payments are subject in all cases to any applicable laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

11.4 *Payment Initiation*

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a Business Day, for value on the first following day which is a Business Day) will be initiated on the due date for payment (or, if it is not a Business Day, the first

following day which is a Business Day) or, in the case of a payment of principal, if later, on the Business Day on which the relevant Certificate is surrendered at the Specified Office of the Issuer in Hong Kong.

11.5 *Delay in Payment*

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day or if a Bondholder is late in surrendering its Certificate (if required to do so).

12. **Cancellation**

- 12.1 All Bonds which are redeemed or converted in accordance with these Conditions will forthwith be cancelled and such Bonds may not be reissued or resold.

13. **Taxation**

- 13.1 All payments made by the Issuer with respect to the Bonds will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future Taxes, other duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Hong Kong, the PRC, or Bermuda or any authority thereof or therein having power to tax (each, a "**Taxing Jurisdiction**"), unless deduction or withholding of such Taxes, other duties, assessments or governmental charges is compelled by law. In such event, the Issuer will pay such additional amounts as will result in the receipt by the Bondholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required, except that no such additional amount shall be payable in respect of any Bond:

- (a) to a holder (or to a third party on behalf of a holder) who is subject to such Taxes, other duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the Taxing Jurisdiction, otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority which such holder is legally capable and competent of making but fails to do so; or
- (b) (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days.

For the purposes hereof, "**relevant date**" means the date on which such payment first becomes due except that if the full amount payable has not been received by the Bondholders on or prior to such due date, it shall mean the date on which, such full amount payable having been so received, notice to that effect shall have been given to the Bondholders.

- 13.2 If the Issuer becomes subject at any time to any taxing jurisdiction other than Hong Kong, the PRC or Bermuda, references in these Conditions to Hong Kong, the PRC and Bermuda shall be construed as references to Hong Kong, the PRC, Bermuda and/or such other jurisdiction.
- 13.3 References in these Conditions to principal and other payments payable by the Issuer shall be

deemed also to refer to and include any additional amounts which may be payable under this Condition 13.

14. Events of Default

For so long as any Bond remains outstanding, the holders of Bonds may at their sole and absolute discretion give notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and repayable without further formality at an amount equal to the Total Redemption Amount, if any of the following events (each, an "**Event of Default**") occurs:

- (a) *Non-payment*: there is failure by the Issuer to pay any principal, interest, or any other amount due in respect of the Bonds (except where failure to pay is caused by administrative or technical error proved to the satisfaction of the Bondholders to be occasioned by events or circumstances beyond the Issuer's control, and that payment is made within five Business Days of its due date);
- (b) *Non-delivery of Shares*: there is any failure by the Issuer to deliver any Shares as and when the Shares are required to be delivered following conversion of Bonds;
- (c) *Breach of other obligations*: the Issuer does not perform or comply with any one or more of its other obligations under the Bonds, which default (i) is incapable of remedy or, (ii) if it is capable of remedy, it is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Bondholders;
- (d) *Cessation of business*: the Issuer or any Principal Subsidiary ceases or threatens to cease to carry on its business or a material part;
- (e) *Enforcement of proceedings*: any judgment or order for the payment of money in excess of HK\$10,000,000 (or equivalent thereof) in the aggregate for all such judgments or orders is rendered against the Issuer or any of its Principal Subsidiaries and shall not be bonded, paid or discharged for a period of 14 days following such judgment during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect or a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries if capable of remedy and is not discharged or stayed within 14 days;
- (f) *Cross default*: (i) any other present or future indebtedness (whether actual or contingent) of the Issuer or any member of the Group for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or (if a grace period is applicable) within any applicable grace period, or (iii) the Issuer or any member of the Group fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised; provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition have occurred and after the applicable grace or notice period has expired equals or exceeds HK\$10,000,000 or its equivalent in any currency or currencies and such failure is incapable of remedy or, if capable of remedy, is not remedied within 14 days after written notice of such failure shall have been given by the Issuer to the Bondholders;

- (g) *Delisting or suspension*: the Shares (as a class) cease to be listed or admitted to trading on the Stock Exchange or there is a suspension of the trading of Shares on the Stock Exchange (other than a temporary suspension of trading for not more than 20 consecutive Trading Days);
- (h) *Security enforced*: any mortgage, charge, pledge, lien or other Encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries becomes enforceable and any step is taken to *enforce* it (including the taking of possession or the appointment of a receiver, manager or other similar person) and such step is not stayed within 30 days;
- (i) *Insolvency*: the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Principal Subsidiaries;
- (j) *Winding-up*: an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer or any of its Principal Subsidiaries, or any of them ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Bondholders or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such member are transferred to or otherwise vested in the Issuer or another member of the Group;
- (k) *Bankruptcy proceedings*: an Encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or any substantial part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries or proceedings are initiated against any of them under any applicable bankruptcy or insolvency law;
- (l) *Assets*: any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries;
- (m) *Approvals, consents, etc.*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds admissible in evidence in the courts of Hong Kong, is not taken, fulfilled or done;
- (n) *Inability to perform*: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Transaction Documents; or

- (o) *Analogous events*: any event occurs which under the laws of any relevant jurisdiction has or is likely to have an analogous effect to any of the events referred to in any of the foregoing paragraphs of this Condition 14.

In these Conditions,

“**Principal Subsidiary**” means, at any time, any Subsidiary of the Issuer:

- (a) whose revenue or (in the case of a Subsidiary of the Issuer which itself has Subsidiaries and which customarily prepares consolidated accounts) consolidated revenue, attributable to the Issuer, as shown by its latest audited statement of profit or loss, are at least 5 per cent. of the consolidated revenue as shown by the latest published audited consolidated statement of profit or loss of the Group including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' revenue of Subsidiaries not consolidated and of associated companies and after adjustments for minority interests; or
- (b) whose gross assets or (in the case of a Subsidiary of the Issuer which has Subsidiaries and which customarily prepares consolidated accounts) gross consolidated assets attributable to the Issuer as shown by its latest audited statement of financial position are at least 5 per cent. of the sum of (x) the gross consolidated assets of the Group as shown by the latest published audited consolidated statement of financial position of the Group and without double counting, (y) the Issuer and its consolidated Subsidiaries' share of the gross assets (consolidated in the case of a Subsidiary of the Issuer which itself has Subsidiaries and which customarily prepares consolidated accounts) (as shown by its latest audited statement of financial position (consolidated, if available)) of each Subsidiary of the Issuer whose accounts are not consolidated with the accounts of the Issuer and after adjustment for minority interests; or
- (c) whose profit after tax (“**profit after tax**”) or (in the case of a Subsidiary of the Issuer which itself has Subsidiaries and which customarily prepares consolidated accounts) consolidated profit after tax, attributable to the Issuer, as shown by its latest audited statement of profit or loss, are at least 5 per cent. of the consolidated profit after tax as shown by the latest published audited consolidated statement of profit or loss of the Group including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of associated companies and after adjustments for minority interests;

provided that, in relation to paragraphs (a) to (c) above:

- (i) in the case of a corporation or other business entity becoming a Subsidiary of the Issuer after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary of the Issuer are published, be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest accounts (consolidated in the case of a Subsidiary of the Issuer which itself has Subsidiaries and which customarily prepares consolidated accounts) of such Subsidiary in such accounts;
- (ii) if the accounts of any Subsidiary of the Issuer (not being a Subsidiary of the Issuer referred to in proviso (i) above) are not consolidated with those of the Issuer (or

with respect to the calculation under paragraph (a) or (c) are not consolidated for the full accounting period), then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if available) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer assuming such Subsidiary's accounts were consolidated from the beginning of the relevant accounting period;

- (iii) in relation to any Subsidiary of the Issuer, each reference in paragraphs (a), (b), (c), (i) or (ii) above to all or any of the accounts (consolidated or otherwise) of such Subsidiary shall be deemed to be a reference to the relevant audited accounts of such Subsidiary if it customarily prepares accounts which are audited and, if not, to the relevant unaudited accounts of such Subsidiary which shall be certified by any director of such Subsidiary as having been properly prepared in accordance with generally accepted accounting principles applicable to such Subsidiary; and
- (iv) any Subsidiary of the Issuer to which is transferred all or substantially all of the assets of another Subsidiary of the Issuer which, immediately prior to such transfer, was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become or remain, as applicable, a Principal Subsidiary until the date on which the first published audited consolidated accounts of the Issuer prepared as of a date later than such transfer are issued (unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above).

A certificate of a director of the Issuer certifying that, in his opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Bondholders. The certificate shall be accompanied by a report by an internationally recognised firm of accountants addressed to the directors of the Issuer as to proper extraction of the figures used by the Issuer in determining the Principal Subsidiaries of the Issuer and mathematical accuracy of the calculation.

15. Prescription

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within ten years (in the case of principal) and five years (in the case of interest) from the appropriate relevant date (as defined in Condition 13) in respect thereof.

16. Enforcement

At any time after the Bonds have become due and repayable, the Bondholders may by agreement amongst all Bondholders, at their sole discretion and without further notice, take such proceedings against the Issuer as they may think fit to enforce repayment of the Bonds and to enforce the provisions of these Conditions.

17. Voting

The Bondholders shall not be entitled to attend or vote at any meetings of shareholders of the Issuer by reason only of it being a holder of Bonds.

18. Experts

In giving any certificate or making any adjustment to the Conversion Price, the Approved Financial Adviser appointed shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their decision shall be conclusive and binding on the Issuer and the Bondholders and all persons claiming through or under them respectively.

19. Replacement Certificate

If any Certificate for the Bonds is lost or mutilated, the relevant Bondholder shall notify the Issuer as soon as practicable and a replacement Certificate shall be issued if the Bondholder provides the Issuer with a declaration by the Bondholder or its officer or director that the original Certificate for the Bonds had been lost or mutilated (as the case may be) or other evidence that the Certificate for the Bonds had been lost or mutilated, together with the mutilated Certificate for the Bonds (if applicable) and upon payment by the claimant of such costs as may be incurred in connection therewith.

The Certificate for the Bonds replaced in accordance with this Condition shall forthwith be cancelled.

20. Notices

20.1 Any notice or other communication to be given or made under the Bonds shall be in writing and shall be given or made by facsimile, by first class pre-paid post, by courier or personally delivered. Any such notice or communication shall be sent to the party to whom it is addressed and must contain sufficient reference and/or particulars to render it readily identifiable with the subject matter of the Bonds. If so given or made by facsimile, such notice or communication shall be deemed received on the date of despatch; if so given or made by post to an address in Hong Kong, shall be deemed to be received two Business Days after the date of despatch; if so given or made by air-mail to an address outside Hong Kong, shall be deemed received seven Business Days after the date of despatch; and if so given or made by courier or personally delivered, shall be deemed received at the time of delivery.

20.2 The relevant address and facsimile number of the Issuer for the purpose of notices and communications are as follows:

<u>Address</u>	<u>Facsimile Number</u>	<u>Attention</u>
Unit 3308, 33rd Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong	(852) 3100 0150	Board of directors

20.3 The relevant address, facsimile number and contact person of each Bondholder for the purpose of notices and communications shall be as set out in the Register of Bondholders.

21. Amendment, Modification and Waiver

The terms and conditions of this Instrument may only be varied, modified, expanded or amended by agreement in writing between the Issuer and all of the Bondholders. Any consent or approval in

relation to the Bonds or any waiver or authorisation of any breach by the Issuer of the Bonds may only be effected after being sanctioned by agreement amongst all Bondholders.

22. No Waiver of Bondholders' Rights

No omission or delay by any Bondholder in exercising any rights under the Bonds shall operate as a waiver, and the single or partial exercise of any such right or rights shall not preclude any other further exercise of such right or rights.

23. Governing Law and Dispute Resolution

- 23.1 This Instrument, the Bonds and the Certificate and any obligations arising out of or in connection with them are governed by and shall be construed in accordance with the laws of Hong Kong.
- 23.2 Any dispute, controversy or claim arising out of or in connection with this Instrument, the Bonds and/or the Certificate shall be submitted to the non-exclusive jurisdiction of the Hong Kong courts.

Exhibit A

FORM OF BOND CERTIFICATE

THE BONDS EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THE BONDS EVIDENCED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE BONDS REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS.

Principal Amount

Certificate No. []*

HK\$[*]

CHINA LOTSYNERGY HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

8 PER CENT. CONVERTIBLE BONDS DUE 2022

IN THE AGGREGATE PRINCIPAL AMOUNT OF HK\$50,000,000

(the “Bonds”)

The Bond or Bonds in respect of which this Certificate is issued, the identifying number of which are noted above, are in registered form and form part of a series designated as above of China LotSynergy Holdings Limited (the “**Issuer**”) and are constituted by a bond instrument dated [*] 2020, as supplemented, modified and/or amended from time to time (the “**Bond Instrument**”). The Bonds are issued on the date stated below subject to, and have the benefit of, the Bond Instrument and the terms and conditions set out therein. Capitalised terms used herein shall, unless otherwise defined, have the same meanings as given to them in the Bond Instrument.

The Issuer hereby certifies that

[insert]

, [a company incorporated in [*jurisdiction*] [(registered number [*number*])] whose registered office is at [*address*] / (holder of [Hong Kong identity card number [*number*]]/[*country*] passport number [*number*]) of [*address*]] is, at the date hereof, entered in the Register of Bondholders as the Bondholder in the principal amount of HK\$[*] (which amount is also set out on the top left hand side of this Certificate). For value received, the Issuer by such entry promises to pay the person who appears at the relevant time in the Register of Bondholders as the Bondholder in respect of which this Certificate is issued such amount or amounts as shall become due in respect of such Bonds in accordance with the terms and conditions set out in the Bond Instrument and each of the Issuer and the Bondholder mentioned above agree to comply with the terms and conditions of the Bond Instrument.

The Bonds in respect of which this Certificate is issued are convertible into Conversion Shares in accordance with and subject to the terms and conditions of the Bond Instrument.

This Certificate is evidence of entitlement only. Title to the Bonds passes only on due registration in the Register of Bondholders and only the duly registered holder is entitled to payments on the Bonds in respect of which this Certificate is issued.

This Certificate shall not be valid for any purpose until executed by the Issuer.

This Certificate is governed by, and shall be construed in accordance with, the laws of Hong Kong.

IN WITNESS whereof the Issuer has executed this Certificate as a deed on _____ 2020.

Executed as a deed)	
by affixing the common seal of)	
CHINA LOTSYNERGY HOLDINGS LIMITED)	
in the presence of)	
)	_____
)	Print name:
)	Director
)	
)	_____
)	Print name:
)	Director/Secretary

(For endorsement in the event of partial conversion or repurchase)

<u>Date</u>	<u>Amount Converted/Repurchased</u>	<u>Amount Outstanding</u>
-------------	-------------------------------------	---------------------------

Note:

The Bonds cannot be transferred to bearer on delivery and is transferable only to the extent permitted by Condition 4 of the terms and conditions of the Bond Instrument. This Certificate must be delivered to the Specified Office of the Issuer for cancellation and reissue of an appropriate certificate in the event of any such transfer.

Exhibit B

FORM OF TRANSFER

CHINA LOTSYNERGY HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

8 PER CENT. CONVERTIBLE BONDS DUE 2022

IN THE AGGREGATE PRINCIPAL AMOUNT OF HK\$50,000,000

(the "Bonds")

TRANSFER NOTICE

[CERTIFICATE NUMBER]

FOR VALUE RECEIVED of

.....

(the "**Transferor**") (PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEROR)

hereby transfers to

Name:

Address:

(the "**Transferee**") (PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

HK\$[•] principal amount of the Bonds in respect of which the enclosed Certificate is issued, and all rights in respect thereof.

All payments in respect of the Bonds hereby transferred are to be made (unless otherwise instructed by the Transferee) to the following account or, if no account is specified, by cheque posted to the address above:

Name of bank :

HK\$ account number :

For the account of :

The Transferee hereby agrees to take the Bonds transferred hereunder and be bound by the terms and conditions of the bond instrument constituting the Bonds (the "**Bond Instrument**") set out therein.

The Certificate in respect of the Bonds hereby transferred shall be [despatched by registered post at the risk and expense of the Transferee to the Transferee to the above address / made available for collection at the Specified Office of the Issuer.]*

Where applicable, the new Certificate in respect of the Bonds registered in the name of the Transferor and not hereby transferred shall be [despatched by registered post at the risk and expense of the Transferor to the Transferor to the above address / made available for collection at the Specified Office of the Issuer.]*

Unless otherwise defined herein, terms defined in the terms and conditions of the Bond Instrument shall have the same meaning when used in this transfer notice.

* Delete as appropriate

Dated:

For and on behalf of
[name of Transferor]

For and on behalf of
[name of Transferee]

Name: _____

Name: _____

Notes:

- (a) A representative of the holder of the Bonds should state the capacity in which he signs, e.g. executor.
- (b) This form of transfer should be dated as of the date it is deposited with the Issuer.

Exhibit C

FORM OF CONVERSION NOTICE

CHINA LOTSYNERGY HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

8 PER CENT. CONVERTIBLE BONDS DUE 2022

IN THE AGGREGATE PRINCIPAL AMOUNT OF HK\$50,000,000

(the "Bonds")

CONVERSION NOTICE

[Date]

To: China LotSynergy Holdings Limited (the "**Issuer**")

Re: Conversion Notice in relation to the Bonds

Dear Sirs,

I/We, [being the holder of the Bonds]/[by or on behalf of the holder or beneficial owner of the Bonds]* in the aggregate principal amount of HK\$[•], hereby deliver this Conversion Notice pursuant to Condition [8] of the Bonds and notify the Issuer of the exercise of the Conversion Rights to convert [all of the outstanding principal amount of the Bonds]/[such principal amount of the Bonds set out below]* at the prevailing Conversion Price set out below. Capitalised terms used herein shall, unless otherwise defined, have the same meanings as given to them in the Certificate and the terms and conditions of the bond instrument constituting the Bonds (the "**Bond Instrument**").

1. Total principal amount and certificate numbers of Bonds to be converted:

Total principal amount:

Total number of Bonds:

Certificate numbers of Bonds:

N.B. If necessary, the certificate numbers of Bonds attached need not be in consecutive serial numbers.

2. Conversion Price on Conversion Date:

3. Total number of Shares to be issued:

4. Name(s), address(es) and signature(s) of person(s) in whose name(s) the Shares required to be delivered on conversion are to be registered:

Name:
Address:
.....
.....
Signature:

5. (A) The relevant number of Shares be issued in the name(s) of the person(s) whose name(s) stand(s) on the Register of Bondholders as the Bondholder(s) represented by the enclosed Certificate and the certificate for such Shares be delivered to the address of the following participant of the Central Clearing and Settlement System ("CCASS") operated by the Hong Kong Securities Clearing Company Limited:

Participation I.D. of the designated CCASS participant:

CCASS participants contact person:

CCASS participants contact telephone number and fax number:

CCASS participants address for delivery of share certificates:

OR

- (B) I/We hereby request that the certificates for the Shares (or other securities) required to be delivered upon conversion be despatched (at my/our risk) to the person whose name and address is given below and in the manner specified below:

Name :
Address :
.....
.....

Manner of despatch (if other than by ordinary mail):

6. I/We hereby request that a Certificate evidencing the Bonds not so converted be issued in our name and be [made available for collection at the Specified Office of the Issuer/delivered to the address set out below by ordinary mail]* in accordance with Condition 3.4.

7. I/We designate the following account maintained by me/us with a bank in Hong Kong for the receipt of payments under Condition 9:

Bank:

Account Number:

Name of account holder:

8. The Certificates representing the Bonds converted hereby accompany this Conversion Notice.

9. I/We hereby declare that all approvals, consents and authorizations (if any) required by the laws to which I am / we are subject and to be obtained by me/us prior to the said conversion have been obtained and are in full force and effect and that any applicable condition thereto has been complied with by me/us.

* (Delete as appropriate)

Name: Date:

Address:

Signature:

- (i) Despatch of share certificates or other securities or property will be made at the risk of the converting Bondholder.
- (ii) If an adjustment contemplated by the terms and conditions of the Bond Instrument is required in respect of a conversion of Bonds where additional Shares are to be issued, certificates for the additional Shares deliverable pursuant to such adjustment (together with any other securities, property or cash) will be delivered or despatched in the same manner as the Shares, other securities, property and cash previously issued pursuant to the relevant Conversion Notice.

IN WITNESS whereof this Instrument has been duly executed and delivered by the Issuer as a deed poll on the date first above written.

Executed as a deed)
by affixing the common seal of)
CHINA LOTSYNERGY HOLDINGS LIMITED)
in the presence of)

Print name:
Director

Print name:
Director/Secretary

SCHEDULE 3

FORM OF DEED OF SET-OFF

DEED OF SET-OFF

dated

[*] 2020

by

LAU TING
as Lender

and

CHINA LOTSYNERGY LIMITED
as Borrower

and

CHINA LOTSYNERGY HOLDINGS LIMITED
as Issuer

**Baker
McKenzie.**

貝克·麥堅時律師事務所

Baker & McKenzie
14th Floor, One Taikoo Place
979 King's Road, Quarry Bay
Hong Kong SAR

香港鰂魚涌英皇道 979 號
太古坊一座 14 樓

www.bakermckenzie.com

Deed of Set-off

This Deed is dated [*] 2020

Between

LAU TING (holder of Hong Kong identity card number K808252(9)) of House 9, 12 Shouson Hill Road, Shouson Hill, Southern District, Hong Kong (the "**Lender**");

CHINA LOTSYNERGY LIMITED, a company incorporated in Hong Kong with limited liability (registered number 0703097) whose registered office is at Unit 3308, 33/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong (the "**Borrower**"); and

CHINA LOTSYNERGY HOLDINGS LIMITED, a company incorporated in Bermuda with limited liability whose registered address is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and whose principal place of business in Hong Kong is at Unit 3308, 33rd Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong (the "**Issuer**").

The Lender, the Borrower and the Issuer are referred to individually as a "**Party**" and collectively as the "**Parties**".

Recitals

- A. The Lender as lender and the Borrower as borrower entered into a loan agreement dated 21 January 2020 (the "**Loan Agreement**") pursuant to which the Lender had advanced to the Borrower a loan in the principal amount of HK\$50,000,000 (the "**Loan**") for a term of one year at an interest rate of 9.50% per annum upon and subject to the terms and conditions set out therein. A copy of the Loan Agreement is annexed to this Deed.
- B. The Borrower is an indirect wholly-owned subsidiary of the Issuer.
- C. The Issuer, as issuer, and the Lender, as subscriber, entered into a subscription agreement dated 9 October 2020 (the "**Subscription Agreement**") pursuant to which the Issuer has agreed to issue to the Lender, and the Lender has agreed to subscribe for, 8 per cent. convertible bonds due 2022 in the aggregate principal amount of HK\$50,000,000 convertible into the shares of the Issuer (the "**Bonds**") upon and subject to the terms and conditions set out therein for the purpose of enabling the Borrower to repay the Loan to the Lender.
- D. The Parties have agreed to restructure the Loan by repaying and replacing the Loan with the Bonds whereupon the Lender has agreed to release and discharge the Borrower from the Loan on the terms set out in this Deed.

1. Definitions and Interpretation

Definitions

- 1.1 In this Deed, the following expressions shall, unless the context requires otherwise, have the following meanings:

"**Business Day**" means a day (other than a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning number 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours.

"**Deed**" means this deed, including the Recitals and Annexure, as may be amended or varied from time to time by an agreement in writing and duly signed by or on behalf of each of the Parties.

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

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China.

"**Listing Rules**" means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

"**SFC**" means the Securities and Futures Commission of Hong Kong.

"**SFO**" means the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.

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

"**Takeovers Code**" means the Hong Kong Code on Takeovers and Mergers administered by the SFC.

Interpretation

1.2 References to this Deed include the Recitals and the Annexure which form part of this Deed for all purposes. References in this Deed to the Parties, the Recitals, the Annexure and Clauses are references respectively to the Parties and their legal personal representatives, successors and permitted assigns, the recitals and annexure to and clauses of this Deed.

1.3 Save where specifically required or indicated otherwise:

- (a) words importing one gender shall be treated as importing any gender, words importing individuals shall be treated as importing corporations and vice versa, words importing the singular shall be treated as importing the plural and vice versa, and words importing the whole shall be treated as including a reference to any part thereof; and
- (b) references to a person shall include any individual, firm, body corporate, unincorporated association, government, state or agency of state, association, joint venture or partnership, in each case whether or not having a separate legal personality. References to a company shall be construed so as to include any company, corporation or other body corporate wherever and however incorporated or established.

1.4 Clause and paragraph headings are inserted for ease of reference only and shall not affect construction.

2. Set-off

The Parties hereby agree, acknowledge and covenant with each other that:

- (a) upon execution of this Deed, the payment of HK\$50,000,000 for the subscription of the Bonds payable by the Lender to the Issuer under the Subscription Agreement on the date of this Deed shall be set off against the same amount of the Loan owed by the Borrower to the Lender as at the date of this Deed with effect from the date of this Deed; and

- (b) upon execution of this Deed, the Borrower shall repay, and the Issuer shall procure the repayment of, all outstanding interests owed by the Borrower to the Lender accrued on the Loan up to but excluding the date of this Deed, in cash to the Lender.

3. Release and Discharge

In consideration of and subject to compliance with the arrangement set out in Clause 2, the Lender hereby irrevocably and unconditionally releases and discharges the Borrower from any and all obligations, liabilities, losses, damages, demands, claims, suits or actions of whatsoever nature arising from or in any way relating to the Loan and/or the Loan Agreement with effect from the date of this Deed.

4. Intra-group Indebtedness

The Borrower and the Issuer hereby agree and acknowledge that, in consideration of the arrangement set out in Clauses 2 and 3, with effect from the date of this Deed:

- (a) the Borrower owes to the Issuer an amount of HK\$50,000,000 which is repayable on demand; and
- (b) no interest shall accrue or be payable on such indebtedness.

5. Warranties

Each Party represents and warrants to each other Party that:

- (a) it/she has full power, authority and legal right to execute and perform this Deed;
- (b) in the case of the Borrower and the Issuer, it has taken all necessary legal and corporate action to authorise the execution and performance of this Deed; and
- (c) this Deed constitutes a legal, valid and binding obligation of such Party in accordance with its terms.

6. Confidentiality

None of the Parties shall, without the prior consent of the other Parties, disclose the terms of, or any matters referred to in, this Deed except to its/her professional advisers and senior management whose province it is to know such terms or matters and to those persons to whom it may be necessary to disclose such terms or matters for the purpose of or in connection with this Deed and subject as required by law or by the Stock Exchange, the SFC or any other relevant authorities in Hong Kong or elsewhere or by virtue of the SFO, the Listing Rules, the Takeovers Code or of any other regulatory requirements.

7. Notice

7.1 Communications in writing

Any communication to be made under or in connection with this Deed shall be made in writing and, unless otherwise stated, may be made in person, by post, by facsimile or by e-mail or other electronic communication. For the purpose of this Deed, an electronic communication will be treated as being in writing.

7.2 Addresses

The address and fax number and e-mail address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Deed is as follows:

- (a) in the case of the Lender, that identified with her name in her signature page below;
 - (b) in the case of the Borrower, that identified with its name in its signature page below;
and
 - (c) in the case of the Issuer, that identified with its name in its signature page below;
- or any substitute address, fax number, e-mail address or department or officer as the Party may notify to the other Parties by not less than five (5) Business Days' notice.

7.3 Delivery

- (a) Any communication or document made or delivered by one person to another under or in connection with this Deed will be effective:
 - (i) if in person, at the time of delivery;
 - (ii) if by e-mail or any other electronic communication, when received in legible form;
 - (iii) if by way of fax, only when the relevant delivery receipt is received by the sender; or
 - (iv) if by way of letter, only when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it/her at that address;

and, if a particular department or officer is specified as part of its address details provided under Clause 7.2 (*Addresses*), if addressed to that department or officer.

- (b) Any communication or document which becomes effective, in accordance with this Clause 7, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following Business Day.

8. Governing Law and Dispute Resolution

8.1 Governing law

This Deed and any non-contractual obligations arising out of or in connection therewith are governed by and shall be construed in accordance with Hong Kong law.

8.2 Jurisdiction of Hong Kong Courts

- (a) The courts of Hong Kong have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Deed or its subject matter, existence, negotiation, validity, termination or enforceability (a “**Dispute**”).
- (b) The Parties agree that the courts of Hong Kong are the most appropriate and convenient courts to settle the Disputes and accordingly the Lender will not:
 - (i) argue to the contrary; or
 - (ii) take any proceedings relating to a Dispute in any jurisdiction other than Hong Kong.

8.3 Contracts (Right of Third Parties) Ordinance

A person who is not a party to this Deed shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce, or to enjoy the benefit of, any term of this Deed.

9. Miscellaneous

9.1 Whole agreement

Subject to any term implied by law, this Deed represents the whole and only agreement between the Parties in relation to its subject matter and supersedes any previous agreement or arrangement (whether written or oral) between the Parties in relation to its subject matter save that nothing in this Deed shall exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

9.2 Further assurances

At any time after the date of this Deed, each Party shall, at its/her own cost and expense, execute and/or deliver or procure the execution and/or delivery of such document(s), and/or do or perform or procure the doing or performance of such acts and things, as may be required by law or as any other Party may reasonably require to implement and/or give effect to this Deed.

9.3 Severability

The Parties intend that every provision of this Deed shall be and remain valid and enforceable to the fullest extent permitted by law. If any such provision is or at any time becomes to any extent invalid, illegal or unenforceable under any enactment or rule of law, it shall to that extent be considered not to form part of this Deed but (except to that extent in the case of that provision) it and all other provisions of this Deed shall continue in full force and effect and their validity, legality and enforceability shall not be affected or impaired as a result, subject to the operation of this Clause 9.3 not negating the commercial intent and purpose of the Parties under this Deed.

9.4 Counterparts

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

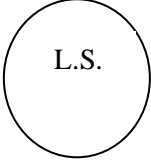
IN WITNESS whereof this Deed has been executed by the Parties as a deed and is intended to be and is hereby delivered on the date first above written.

Execution

THE LENDER

SIGNED, SEALED and)
DELIVERED as a Deed)
by LAU TING)
in the presence of:)
)
)

Signature



Witness
Name:
Address:
Occupation:

Notice details:

Address: House 9, 12 Shouson Hill Road, Shouson Hill, Southern District, Hong Kong

Fax:

Email:

THE BORROWER

Executed as a deed)
by affixing the common seal of)
CHINA LOTSYNERGY LIMITED)
in the presence of)
)
)
)
)
)

Print name:
Director

Print name:
Director/Secretary

Notice details:

Address: Unit 3308, 33/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong

Fax:

Attention:

Email:

THE ISSUER

Executed as a deed)
by affixing the common seal of)
CHINA LOTSYNERGY HOLDINGS LIMITED)
in the presence of)
)
)
)
)

Print name:
Director

Print name:
Director/Secretary

Notice details:

Address: Unit 3308, 33rd Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai,
Hong Kong

Fax:

Attention:

Email:

Annexure

The Loan Agreement

借款协议

本借款协议（以下称为“本协议”）由下列双方于2020年1月21日签署：

- (1) 刘婷（香港身份证号码：K808252(9)，以下称为“贷款方”）；
 - (2) 华彩资源有限公司（一间于香港成立的公司，以下称为“借款方”）。
- 贷款方和借款方以下统称为“双方”，单称为“一方”。

鉴于：

借款方拟根据本协议之条款向贷款方借款，而贷款方拟同意该项借款，甲乙双方达成协议如下：

1. 定义

除非本协议上下文另有规定，下列术语应具体为下文所规定的含义。

- 1.1 “借款”，指贷款方依据本协议向借款方提供的借款共计港币5000万元。
- 1.2 放款日，指本协议第2.3条规定之借款放款日。
- 1.3 放款通知书，指根据本协议第2.3.1条规定借款方通知贷款方放款之通知书。
- 1.4 还款日，受限于本协议第4.2条规定，指借款期限到期日。
- 1.5 “违约事件”，指本协议第5条规定的任一违约事件。

2. 借款

2.1 借款金额、期限

- 2.1.1 根据本协议，贷款方向借款方提供的借款总额为港币5000万元。
- 2.1.2 根据本协议，贷款方根据借款方所送达之放款通知书，于其要求之放款日向借款方放款，惟放款日不得迟于本协议后之30天内。
- 2.1.3 借款期限为一年，自放款日起计算。
- 2.1.4 借款方无法就借款提供任何抵押品。

2.2 利息

借款的利率按照年利率9.5%计算，利息按月支付。如借款方未能于还款日偿还所欠款项，贷款方将有权向借款方就所欠款项收取违约年利息5%。

2.3 放款

- 2.3.1 贷款方将在放款通知书所要求并获贷款方同意的放款日日期，将借款通过电汇方式汇至借款方指定账户。
- 2.3.2 借款方应当在收到上述款项后向贷款方签署确认书以确认收悉该等款项。

3. 陈述和保证

借款方向贷款方陈述和保证如下：

- (a) 其有权签订本协议并履行本协议项下的义务；
- (b) 其签署、送达和履行本协议不会构成或导致：(i) 违背或违反任何适用的法律法规；(ii) 违背或违反任何对其有约束力的现有协议、租约、执照、批准、许可、抵押、安排或其他义务，或者构成对上述文件的违约。

4. 还款

- 4.1 双方在此确认并同意，借款方应于还款日一次性归还上述借款本金。
- 4.2 尽管与还款日之条文及本协议中其他相关条文相反规定，贷款人保留权利，可于放款日之3个月后至还款日之任何时间内，以书面要求借款人按照贷款人指示的方式实时偿还未清债务或其任何部分。
- 4.3 借款方可于还款日之1个月前，书面要求贷款方将借款延期。贷款方有权决定是否延期。

5. 违约

- 5.1 本条下述事项构成借款方的违约事件：
 - (a) 借款方未能按双方的约定履行其责任或义务；
 - (b) 借款方在本协议第3条所作的任何陈述或保证有实质性的误导或错误；
 - (c) 借款方违反本协议项下的任何承诺或任何条款；
 - (d) 借款方不能偿还一般债务或其他欠债；
 - (e) 借款方未能有效存续而被终止、清算或解散。
- 5.2 除非上述第5.1条所列的违约事件已以令贷款方满意的方式得到解决，否则贷款方可在违约事件发生时或发生后的任何时间以书面形式向借款方发出违约通知，宣布本协议项下的借款和其利息以及本协议项下所有其他孳生或拖欠的款项立即到期，要求借款方在贷款方规定的期限内还款付息、履行其义务、采取补救措施并赔偿由其违约给贷款方造成的经济损失。

6. 适用法律

本协议应受香港法律管辖并按香港法律解释。

7. 管辖权

双方同意，因本协议引起的或与本协议有关的任何法律诉讼或程序可在香港的法院提起，并且服从该等法院的非专属管辖权。


8. 其他事项

- 8.1 本协议用中文作成，正本一式两（2）份，双方各执一份，每份正本具有同等法律效力。
- 8.2 本协议任何条款赋予双方的任何权利、权力和补救是累积的，并不能排除该方依据法律规定及本协议项下其他条款所享有的其他任何权利、权力或补救，且一方对其权利、权力和补救的行使并不排除该方对其享有的其他权利、权力和补救的行使。
- 8.3 任何一方未行使或延迟行使本协议项下的一项权利或救济时，将不构成其对该权利或救济的放弃，也不构成其对任何其他权利或救济的放弃，并且任何一方单独或部分行使本协议项下的权利或救济时，也不妨碍其进一步行使该权利或救济，或行使任何其他权利或救济。
- 8.4 本协议各条的标题仅为索引而设，在任何情况下，该等标题不得用于或影响对本协议条文的解释。
- 8.5 本协议的每一条款均可分割且独立于其他每一条款，如果在任何时候本协议的任何一条或多条条款成为无效、不合法或不能执行，本协议其他条款的有效性、合法性和可执行性并不因此而受到影响。如出现本协议的任何一条或多条条款无效、不合法或不能执行的情况，各方应真诚地进行磋商，以商定以各方均感满意的条款代替无效，不合法或无法执行的条款。
- 8.6 本协议一经签署即取代双方之前就同一主题签署的任何其他法律文件。本协议的任何修改、补充必须以书面形式进行，并由本协议双方适当签署后方能生效，并且对本协议的修改或补充约定优先于本协议的约定。
- 8.7 未经贷款方事先书面同意，借款方不得向任何第三方转让其于本协议下的任何权利及/或义务。贷款方则有权自行决定是否将其在本协议下的权利及/或义务转让给其他第三方，而无须事先取得借款方同意。
- 8.8 本协议对双方的合法受让人或继承人均具有约束力。
- 8.9 本协议自双方签署之日起生效。

【签署页】

兹此为证，本借款协议由双方于文首之日期签署。

刘婷

签字: 

华彩资源有限公司

For and on behalf of
China LotSynergy Limited
華彩資源有限公司



.....
Authorised Signature(s)

签字: _____

姓名: 陳丹娜

职务: 董事

Executed as an agreement.

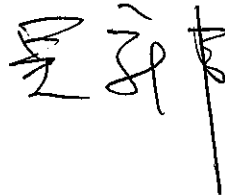
THE ISSUER

SIGNED for and on behalf of)

CHINA LOTSYNERGY HOLDINGS LIMITED)

By:)

In the presence of)



Name:

Witness:



Notice details:

Address: Unit 3308, 33rd Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong

Fax: 3100 0150

Attention: Company Secretary

Email: --

THE SUBSCRIBER

SIGNED

By: **Lau Ting**

In the presence of

)
)
) 

Name:

Witness:



Notice details:

Address: House 9, 12 Shouson Hill Road, Shouson Hill, Southern District, Hong Kong

Fax: --

Email: --