

Dated 26 November 2025

SEM HOLDINGS LIMITED

澳達控股有限公司

and

YAO CAPITAL LIMITED

姚記資本有限公司

SUBSCRIPTION AGREEMENT

in respect of

HK\$44,000,000

Two-year zero coupon convertible bonds due 2028
convertible into ordinary shares of
SEM HOLDINGS LIMITED

澳達控股有限公司

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THIS AGREEMENT is made on 26 November 2025.

BETWEEN:

1. **SEM HOLDINGS LIMITED (澳達控股有限公司)**, a company incorporated in the Cayman Islands with limited liability whose registered office is situate at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and having its principal place of business in Hong Kong at Unit 1, 4/F, Chai Wan Industrial City Phase II, 70 Wing Tai Road, Chai Wan, Hong Kong and whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 9929) (the “**Issuer**”); and
2. **YAO CAPITAL LIMITED (姚記資本有限公司)**, a company incorporated under the laws of the British Virgin Islands whose registered office is situate at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands (the “**Subscriber**”)

WHEREAS:

- (A) The Issuer is a company incorporated in the Cayman Islands and, as at the date of this Agreement, has 2,000,000,000 Shares (as defined hereinafter) in issue, and the Shares are listed on the HKSE (as defined hereinafter).
- (B) The Issuer has authorised the creation and issuance of the Bonds, convertible into the Conversion Shares in accordance with the Conditions (as defined hereinafter).
- (C) The Issuer has agreed to issue, and the Subscriber has agreed to subscribe for, the Subscription Bonds subject to the terms and conditions of this Agreement.

IT IS AGREED as follows:

1 INTERPRETATION

1.1 In this Agreement, the following expressions have the following meanings:

“**Affiliate**” means:

- (a) in relation to an individual, that individual’s close relatives (being any spouse, child (including adopted child and step-child), parent or sibling of that individual), any person which is Controlled by that individual and/or that individual’s close relatives (acting singly or together) (“**Controlled Entity**”) and any Affiliate of a Controlled Entity; and
- (b) in relation to any other person, any other person that (directly or indirectly) Controls, is Controlled by or is under common Control with such person;

“**Announcement**” means the announcement to be issued by the Issuer on the HKSE as soon as possible following execution of this Agreement;

“**Authorisation**” means any license, permit, consent, authorisation, resolution, exemption, filing, notarisation, variation, registration, permission, clearance or approval of any Authority;

“**Authority**” means the Hong Kong, Macau or the Cayman Islands government or the HKSE;

“**Board**” means the board of Directors;

“**Bond Certificate**” means the certificate issued to the Bondholder in respect of its registered holding of Bonds in the form set out in the Bond Instrument;

“**Bondholder**” has the meaning given to it in the Conditions;

“**Bond Documents**” means:

- (a) the Bond Instrument;
- (b) the Bond Certificate; and
- (c) the Conditions,

and any other document designated as such by the Subscriber and the Issuer (each a “**Bond Document**”);

“**Bond Instrument**” means the deed poll to be executed by the Issuer to create and constitute the Bonds in the form set out in Appendix 1;

“**Bonds**” means the two-year zero coupon convertible bonds due 2028 to be issued by the Issuer, convertible into Conversion Shares, with an aggregate principal amount of HK\$44,000,000;

“**Business**” means the business of the Group;

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which banks are open for general business in (unless otherwise stated) Hong Kong (other than a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” or “extreme conditions” as announced by the Hong Kong Government is hoisted or remains hoisted in Hong Kong at any time between 9:00 am and 5:00 pm);

“**Companies Ordinance**” means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

“**Completion**” means the completion of this Agreement including the subscription for and issue of the Subscription Bonds in accordance with this Agreement;

“**Completion Date**” means the date of Completion, being a Business Day to be mutually agreed between the Issuer and the Subscriber after the Conditions Precedent in **Clause 3.1** is satisfied (or, failing such agreement, the Long Stop Date);

“**Conditions**” means the terms and conditions attached to the Bond Certificate in the form set out in the Bond Instrument (as may be amended and/or supplemented from time to time in accordance with the terms and conditions thereof), and any reference to a numbered “**Condition**” is to the correspondingly numbered provision of the Conditions;

“**Conditions Precedent**” means the conditions precedent set forth in **Clause 3**;

“**Confidential Information**” has the meaning given to it in **Clause 13.1**;

“**connected person**” has the meaning given to it in the Listing Rules;

“**Control**” means:

- (a) in relation to a corporate person: (i) direct or indirect ownership or control of more than 50% of the outstanding voting securities of such corporate person; (ii) the ability to appoint or remove more than one-half of the directors of the board (or equivalent governing body) of such person; (iii) the right to control the votes at a meeting of the board of directors (or equivalent governing body) of such person; or (iv) the ability to direct or cause the direction of the management and policies of such person (whether by contract or howsoever arising); or
- (b) in relation to a non-corporate person: (i) direct or indirect ownership or control of a comparable voting interest (as set forth in paragraph (a) above) for such person; (ii) the ability to direct or cause the direction of the management and policies of such person (whether by contract or howsoever arising); or (iii) the operational or practical control of such person,

and the terms “**Controls**”, “**Controlling**” and “**Controlled**” shall be construed accordingly;

“**Conversion Price**” has the meaning given to it in the Conditions;

“**Conversion Shares**” has the meaning given to it in the Conditions;

“**Director**” means a director of the Issuer;

“**Encumbrance**” means any lien, pledge, encumbrance, charge (fixed or floating), mortgage, third party claim, debenture, option, right of pre-emption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or other security interests of any kind securing any obligation of any person or any agreement or arrangement having a similar effect, and “**Encumber**” shall be construed accordingly;

“**Financial Statements**” means the audited consolidated financial statements of the Group for the year ended 31 December 2024;

“**Group**” means the Issuer and its Subsidiaries, and “**Group Member**” means any of those persons or entities;

“**HKIAC**” has the meaning given to it in **Clause 17.2**;

“**HKSE**” means The Stock Exchange of Hong Kong Limited;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**HKS**” means Hong Kong dollars, the lawful currency of Hong Kong;

“**Listing Rules**” means the Rules Governing the Listing of Securities on HKSE;

“Long Stop Date” means the date falling six months from the date of this Agreement, being 25 May 2026 (or such later date as the Issuer and the Subscriber may agree in writing from time to time);

“Offer” means the mandatory unconditional cash offer to be made by Lego Securities Limited for and on behalf of the Subscriber to acquire all the issued Shares of the Issuer (other than those already owned and/or agreed to be acquired by the Subscriber and parties acting in concert with it) on the basis to be set out in the offer document and accompanying form of acceptance, and any subsequent revision of such offer;

“Party” means a party to this Agreement, and **“Parties”** means both of them;

“Proceedings” means any proceeding, suit or action arising out of or in connection with this Agreement or its subject matter (including its validity, formation at issue, effect, interpretation, performance or termination) or any transaction contemplated by this Agreement and any Bond Document;

“Register” means the register of Bondholders;

“Representative” means, in relation to any person, such person’s directors, officers, employees, agents, delegates, lawyers, accountants, managers, administrators, nominees, trustees, custodians, bankers or other professional advisers;

“Sale and Purchase Agreement” means the sale and purchase agreement dated 26 November 2025 entered into among the Subscriber, SEM Enterprises Limited and Wan Man Keung in relation to the purchase of an aggregate of 1,500,000,000 Shares from SEM Enterprises Limited;

“Share Options” means the share options which may be granted to eligible participants under the Share Option Scheme;

“Share Option Scheme” means the Issuer’s share option scheme adopted on 22 January 2020, details of which are set out in the prospectus of the Company dated 31 January 2020;

“Shares” means the ordinary shares with a par value of HK\$0.01 each in the capital of the Issuer;

“Shareholder” means a registered holder of Shares;

“Specific Mandate” means the mandate to be sought from the independent Shareholders at the extraordinary general meeting to allot and issue the Conversion Shares upon conversion of the Subscription Bonds;

“Subscription” means the subscription of the Subscription Bonds in accordance with this Agreement;

“Subscription Bonds” means the Bonds in the aggregate principal amount of HK\$44,000,000 to be subscribed by the Subscriber under this Agreement;

“Subscription Price” means HK\$44,000,000, being 100% of the aggregate principal amount of the Subscription Bonds;

“Surviving Provisions” means **Clause 1** (Interpretation), **Clause 9** (Notices), **Clause 10** (Costs and Expenses), **Clause 11** (General Provisions), **Clause 12** (Announcements), **Clause 13** (Confidentiality), **Clause 15** (Language), **Clause 16** (Counterparts), **Clause 17** (Governing Law and Arbitration) and **Clause 18** (Third Party Rights);

“Takeovers Code” means the Hong Kong Code on Takeovers and Mergers; and

“Warranties” means the representations, warranties and undertakings contained in **Clause 6** and Schedule 1, and **“Warranty”** means any one of them.

1.2 The expressions **“Issuer”** and **“Subscriber”** shall, where the context permits, include their respective successors and permitted assigns and any persons deriving title under them.

1.3 In this Agreement, except where the context otherwise requires:

- (a) a reference to **Clauses, Paragraphs, Schedules, Appendices** and **Recitals** are to the clauses, paragraphs, and recitals of, and schedules and appendices to, this Agreement;
- (b) a reference to this Agreement or to any specified provision of this Agreement are to this Agreement or provision as in force for the time being (as amended, modified, supplemented, varied, assigned or novated, from time to time);
- (c) a reference to this Agreement includes the Schedules and the Appendices to it, each of which forms part of this Agreement for all purposes;
- (d) a reference to a **“person”** shall be construed so as to include any individual, company, corporation, joint stock company, body corporate, association, trust, joint venture, partnership, firm, organisation, Authority or any other entity (whether or not having separate legal personality), its successors and assigns;
- (e) a reference to writing shall include any mode of reproducing words in a legible and non-transitory form;
- (f) a reference to a time of a day is to Hong Kong time;
- (g) a reference to any Hong Kong legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than Hong Kong be deemed to include what most nearly approximates the Hong Kong legal term in that jurisdiction and references to any Hong Kong statute or enactment shall be deemed to include any equivalent or analogous laws or rules in any other jurisdiction;
- (h) a reference to any law, enactment or Listing Rule includes references to:
 - (i) that law, enactment or Listing Rule as re-enacted, amended, extended or applied by or under any other enactment (before or after execution of this Agreement);
 - (ii) any law, enactment or Listing Rule which that law, enactment or Listing Rule re-enacts (with or without modification); and

- (iii) any subordinate legislation made (before or after execution of this Agreement) under any law or enactment, as re-enacted, amended, extended or applied, as described in sub-paragraph (i) above, or under any law or enactment referred to in sub-paragraph (ii) above,

except to the extent that any law, enactment or subordinate legislation made or enacted after the date of this Agreement would create or increase a liability of the Parties under this Agreement, and “law” and “enactment” includes any legislation in any jurisdiction;

- (i) the Parties acknowledge that they have participated jointly in the negotiation and drafting of this Agreement and, in the event that a question of interpretation arises (including as to the intention of the Parties), no presumption or burden of proof shall arise in favour of or against any Party based on the authorship of any provisions;
- (j) words importing the singular include the plural and vice versa, and words importing a gender include every gender;
- (k) headings are included in this Agreement for convenience only and do not affect its interpretation;
- (l) in construing this Agreement the so-called “ejusdem generis” rule does not apply and accordingly the interpretation of general words is not restricted by:
 - (i) being preceded by words indicating a particular class of acts, matters or things; or
 - (ii) being followed by particular example;
- (m) the word “**including**” shall be construed without limitation;
- (n) where any Party undertakes or assumes any obligation in this Agreement, that obligation is to be construed as requiring the Party concerned to exercise all rights and powers of control over the affairs of any other person which it is able to exercise (whether directly or indirectly) in order to secure performance of the obligation; and
- (o) any share calculation that makes reference to a specific date shall be appropriately adjusted to take into account any bonus share issue, share subdivision, share consolidation or combination, share split, recapitalization, reclassification or similar event affecting the Shares after such date.

2 SUBSCRIPTION FOR AND ISSUE OF THE SUBSCRIPTION BONDS

- 2.1 Subject to fulfilment of the Conditions Precedent (or, as the case may be, waiver of any of those capable of being waived), the Issuer shall issue and deliver the Subscription Bonds to the Subscriber or its nominee (which shall be an Affiliate of the Subscriber) in accordance with the Conditions, and the Subscriber, relying on the Warranties, shall subscribe for (or procure the subscription by its nominee of) the Subscription Bonds (free and clear from all Encumbrances) for the Subscription Price, on the Completion Date.
- 2.2 The Subscription Price shall be payable by the Subscriber to the Issuer on Completion as provided in **Clause 4.2**.

3 CONDITIONS PRECEDENT

3.1 Completion shall be conditional upon satisfaction of all of the following conditions (or, as the case may be, waiver of any of those capable of being waived):

- (a) the warranties of the Issuer under this Agreement remaining true, accurate and correct in all material aspects, the Issuer having performed all of its material obligations under this Agreement to be performed on or before the Completion Date, and the delivery by the Issuer to the Subscriber a certificate to such effect on the Completion Date;
- (b) since the date of this Agreement, there having been, in the reasonable opinion of the Subscriber, no change (nor any development or event involving a prospective change), in the condition (financial or other), prospects, results of operations or general affairs of the Issuer or of the Group, which, in the reasonable opinion of the Subscriber, is material and adverse in the context of the issue of the Bonds;
- (c) the delivery by the Issuer to the Subscriber on the Completion Date a certificate confirming the Group is not in breach or in default of contracts, condition, covenant or instrument binding on the Group, where such breach or default would have a material adverse effect on the Group as a whole;
- (d) the current listing status of the Issuer on the HKSE has not been withdrawn from the date of this Agreement to the date of Completion and the Shares are continuously tradable on the HKSE. For this purpose, the Shares shall be deemed continuously tradable on the HKSE if (i) the Shares have not been suspended from trading on the HKSE for more than ten (10) consecutive trading days, or (ii) if the Shares have been so suspended from trading on the HKSE for more than ten (10) consecutive trading days but such suspension is due to the Sale and Purchase Agreement, this Agreement and the transactions contemplated thereunder;
- (e) the granting of approval by the HKSE for the listing of, and the permission to deal in, the Conversion Shares (or the Subscriber being reasonably satisfied that such approval will be granted);
- (f) the passing by the Board and independent Shareholders at the extraordinary general meeting of all resolutions required under the relevant laws and regulations and the Listing Rules to approve this Agreement and the Specific Mandate;
- (g) no notice, order, judgment, suit or proceeding has been served, issued, made or instituted which restrains, enjoins or makes unlawful, or attempts to restrain or make unlawful, any transaction contemplated under this Agreement or which may materially and adversely affect the exercise by the Subscriber of its rights under this Agreement;
- (h) completion of the Sale and Purchase Agreement; and
- (i) the close of the Offer in accordance with the Takeovers Code.

3.2 The Subscriber may at any time waive in writing any of the Conditions Precedent (except for Clauses 3.1(e) and (f)). The Issuer shall use its best endeavours to procure the fulfillment of the

Conditions Precedent set out in Clauses 3.1(a) to (g) (except Clauses 3.1(h) and (i)) as soon as reasonably practicable and in any event, on or before the Long Stop Date.

- 3.3 If the Conditions Precedent have not been fulfilled or waived by the Subscriber on or before the Long Stop Date, this Agreement shall lapse, and neither the Issuer nor the Subscriber shall have or make any claim against the other in respect of this Agreement save for liabilities for any antecedent breach.

4 COMPLETION

- 4.1 Subject to the Conditions Precedent being fulfilled (or, as the case may be, waiver of any of those capable of being waived in accordance with **Clause 3.2**), Completion shall take place at the office of the Issuer (or at such other place, time or date as the Parties may agree) on the Completion Date.

- 4.2 At Completion, all (but not some only, unless the Subscriber so agrees) of the following business shall be transacted:

- (a) the Issuer shall issue the Subscription Bonds to the Subscriber (or its nominee) free and clear of all Encumbrances and register the Subscriber (or its nominee) in the Register; and
- (b) the Issuer shall deliver to the Subscriber:
 - (i) a certified true copy of the Register, reflecting ownership of the Subscription Bonds by the Subscriber (or its nominee);
 - (ii) a certified true copy of the Bond Instrument; and
 - (iii) the original executed copy of the Bond Certificate(s) (including the Conditions), in such denominations as required by the Subscriber, representing the aggregate principal amount of the Subscription Bonds, duly executed and issued by the Issuer in favour of the Subscriber.
- (c) provided that the Issuer has performed all of its obligations hereunder at Completion to the satisfaction of the Subscriber, the Subscriber shall procure the payment of the Subscription Price, by wire transfer to the bank account designated by the Issuer and notified in writing to the Subscriber no later than 5 Business Days before the Completion Date.

- 4.3 If the obligations of the Issuer under **Clause 4.2** are not complied with on the Completion Date, the Subscriber may, without prejudice to its other rights:

- (a) defer Completion (so that the provisions of this **Clause 4**, other than this **Clause 4.3(a)** regarding the Subscriber's right to defer Completion, shall apply to Completion as so deferred) to a day of not more than 20 Business Days from the Completion Date;
- (b) proceed to Completion as far as practicable (without limiting its rights under this Agreement); or
- (c) terminate this Agreement by notice in writing to the Issuer in accordance with **Clause 8.2**.

The Subscriber shall not be obliged to perform any obligation on its part undertaken under this Agreement unless the Issuer has fully complied with its obligations in **Clause 4.2**.

- 4.4 If the obligation of the Subscriber under **Clause 4.2** is not complied with on the Completion Date, the Issuer may, without prejudice to its other rights:
- (a) defer Completion (so that the provisions of this **Clause 4**, other than this **Clause 4.4(a)** regarding the Issuer's right to defer Completion, shall apply to Completion as so deferred) to a day of not more than 20 Business Days from the Completion Date;
 - (b) proceed to Completion as far as practicable (without limiting its rights under this Agreement); or
 - (c) terminate this Agreement by notice in writing to the Subscriber.

The Issuer shall not be obliged to perform any obligation on its part undertaken under this Agreement unless the Subscriber has fully complied with its obligation in **Clause 4.2**.

5 SUBSCRIBER'S REGISTERED ACCOUNT

For the purposes of the Conditions, the registered account of the Subscriber (being a HK\$ account) for the purposes of receipt of principal and any other amounts in respect of the Subscription Bonds is to be paid by wire transfer to the bank account designated by the Subscriber and notified in writing to the Issuer no later than 5 Business Days before receipt of such principal and any other amounts in respect of the Subscription Bonds.

6 ISSUER'S WARRANTIES

- 6.1 The Issuer represents and warrants to the Subscriber that each of the Warranties is as at the date of this Agreement true and accurate in all respects and not misleading in any respect. The Warranties shall be deemed to be so repeated by the Issuer at Completion by reference to the facts and circumstances then subsisting at Completion (except where the relevant Warranty is stated to be expressed as at a different date).
- 6.2 The Issuer acknowledges and accepts that the Subscriber is entering into this Agreement in reliance upon each of the Warranties which has also been given as a representation and with the intention of inducing the Subscriber to enter into this Agreement.
- 6.3 The Issuer undertakes to the Subscriber that, promptly upon it becoming aware (between the date of this Agreement and the Completion Date) of any fact, matter or circumstance relating to the Group, which it is aware is (or may constitute) a material breach of (or be materially inconsistent with) any of the Warranties as at the date of this Agreement and/or will constitute a material breach of any of the Warranties when they are repeated at Completion, it shall disclose in writing such fact, matter or circumstance to the Subscriber as soon as practicable after it becomes so aware and shall forthwith take such steps as may be reasonable to remedy and/or publicise the fact, matter or circumstance.
- 6.4 Each of the Warranties shall be construed as a separate and independent warranty and representation and (except where expressly provided to the contrary) shall not be limited or restricted by reference to or inference from the terms of any other Warranty.

- 6.5 No information relating to the Group of which the Subscriber has knowledge (actual, constructive, imputed or otherwise), or which the Subscriber could have obtained knowledge (actual, constructive, imputed or otherwise) in the course of its due diligence, shall prejudice any claim made by the Subscriber under this Agreement or operate to reduce any amount recoverable.
- 6.6 The representations, warranties, agreements, undertakings and indemnities in this Agreement shall continue in full force and effect, despite Completion or any investigation made by the Subscriber. The Subscriber shall be entitled to claim both before and after Completion that any of the Warranties is or was untrue or misleading or has or had been breached even if the Subscriber discovered or could have discovered on or before Completion that the Warranty in question was untrue or misleading as aforesaid or had been breached as aforesaid and Completion shall not in any way constitute a waiver of any of the Subscriber's rights.
- 6.7 Without prejudice to the other rights or remedies of the Subscriber, the Issuer shall indemnify on demand the Subscriber or any of its Affiliates, directors, officers, employees, or agents against all liability, damages, cost, loss or expense (including, without limitation, legal fees, costs and expenses) arising out of, in connection with, or based on any actual or alleged breach of the obligations, Warranties and undertakings contained in, or made or deemed to be made by the Issuer under, this Agreement.
- 6.8 The Issuer shall not, and shall procure that no Group Member shall, do or allow or procure any act or omission on or before Completion which would constitute a breach of any of the Warranties if they were given at Completion or which would make any of the Warranties inaccurate or misleading if they were so given.
- 6.9 The Issuer hereby irrevocably undertakes with the Subscriber that at any time subsequent to the execution of this Agreement and prior to Completion that except with the prior written consent of the Subscriber or save as contemplated in or required by this Agreement:
- (a) the business of the Issuer will be carried on in the ordinary and normal course and that no amendment will be made to the memorandum and articles of association of any member of the Group;
 - (b) no alteration will be made to the authorized and issued share capital of the Issuer save as that contemplated in this Agreement and no options or rights shall be granted by the Issuer in respect of the same;
 - (c) no proposal for the winding up or liquidation of the Issuer will be made;
 - (d) no guarantee, indemnity, surety, mortgage, lien (other than a lien arising by operation of law), charge, encumbrance or other security interest of any nature whatsoever in respect of all or any part of the undertaking, property or assets of the Issuer created or given to secure the liabilities or obligations of any person other than any member of the Group;
 - (e) No taking, permitting or facilitating any action, or permitting any inaction that constitutes a material adverse change to the overall cash flow level of the Group;
 - (f) there will be no acquisition or disposal (or agree to acquire or dispose) of any assets that are material to the overall operation and Business of the Group and are outside the ordinary course of Business;

- (g) no encumbrance or third party rights over any of the property or assets of the Group will be created; and
 - (h) no act or omission will be done so that the condition of any property or assets or the financial position or business of the Group might be in the opinion of the Subscriber materially and adversely affected.
- 6.10 The rights described in this Agreement shall apply and form part of the terms and conditions of any Bonds held by the Subscriber or its Affiliates from time to time.

7 SUBSCRIBER'S WARRANTIES

- 7.1 The Subscriber represents and warrants to the Issuer that, as at the date of this Agreement:
- (a) the Subscriber is duly incorporated and validly existing under the laws of its place of incorporation;
 - (b) the Subscriber has the authority and corporate power to enter into and perform its obligations under this Agreement;
 - (c) this Agreement constitutes valid, binding and enforceable obligations of the Subscriber, except as such enforceability may be limited under applicable bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium or similar laws of general applicability relating to or affecting creditors' rights and to general equitable principles;
 - (d) the Subscriber has available cash or financial resources which will provide in immediately available funds the necessary cash resources to meet its other obligations under this Agreement; and
 - (e) the Subscriber is not insolvent or subject to any arrangement, agreement, action, claim, order, judgment, direction, investigation or other proceedings which will, or are likely to, prevent or delay the performance of its obligations under this Agreement.
- 7.2 The Subscriber's representations and warranties in **Clause 7.1** shall be deemed to be so repeated by the Subscriber at Completion by reference to the facts and circumstances then subsisting at Completion (except where the relevant warranty is stated to be expressed as at a different date).

8 TERMINATION

- 8.1 Notwithstanding any provisions to the contrary, the Subscriber may, by notice to the Issuer given at any time prior to payment of the Subscription Price for the Bonds to the Issuer, terminate this Agreement in any of the following circumstances:
- (a) if there shall have come to the notice of the Subscriber any material breach of, or any event rendering untrue or incorrect in any material respect, any of the Issuer's Warranties under this Agreement or any material failure to perform any of the Issuer's undertakings or agreements in this Agreement;

- (b) if there shall have occurred any change (or any development or event involving a prospective change) in the condition (financial or other), prospects, results of operations or general affairs of the Issuer or of the Group, which, in the opinion of the Subscriber, is material and adverse in the context of the issue and subscription of the Bonds; and
- (c) if any of the Conditions Precedent has not been satisfied or waived by the Subscriber by the end of the Long Stop Date.

8.2 Upon the giving of notice pursuant to **Clause 8.1**, all obligations of the Parties under this Agreement shall cease and terminate and no Party shall have any claim against the other Party in respect of any matter or thing arising out of or in connection with this Agreement, save and except:

- (a) in respect of any antecedent breach; and
- (b) that the termination shall not affect the accrued rights and obligations of the Parties on or prior to such termination and shall be without prejudice to the continued application of the Surviving Provisions.

9 NOTICES

9.1 Any notice or other communication to be given under or in connection with this Agreement (a "Notice") shall be:

- (a) in writing in the English language;
- (b) delivered:
 - (i) personally by hand or courier (using an internationally recognised courier company);
 - (ii) by local post or registered mail if local address and by airmail if overseas address; or
 - (iii) by facsimile,

to the Party due to receive the Notice, to the address and for the attention of the relevant Party set out in this **Clause 9** (or to such other address and/or for such other person's attention as may have been notified to the giver of the relevant Notice and become effective, in accordance with this **Clause 9**, prior to despatch of the Notice).

9.2 In the absence of evidence of earlier receipt, any Notice served in accordance with this **Clause 9** shall be deemed given and received:

- (a) in the case of personal delivery by hand or courier, at the time of delivery at the address referred to in **Clause 9.3**;
- (b) in the case of local post or registered mail (other than airmail), at 10:00 am on the second Business Day after posting;
- (c) in the case of airmail, at 10:00 am on the fifth Business Day after posting; and

- (d) in the case of facsimile, at the time of its despatch (subject to confirmation of uninterrupted transmission by the sender by a transmission report).

9.3 The addresses of the Parties for the purpose of this **Clause 9** are as follows:

The Issuer:

Address: Unit 1, 4/F, Chai Wan Industrial City Phase II, 70 Wing Tai Road, Chai Wan, Hong Kong

Fax: +852 2896 7533

Attention: The Board of Directors

The Subscriber:

Address: Units 501-502, 5/F., Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.

Fax:

Attention: The Board of Directors

9.4 In proving service, it shall be sufficient to prove that:

- (a) the envelope containing the Notice was properly addressed and delivered to the address of the relevant Party; or
- (b) the facsimile containing the Notice was transmitted to the fax number of the relevant Party uninterrupted (which shall be satisfied by delivery of a transmission report).

9.5 Any Party may notify the other Party of any change to its name, address or facsimile number for the purpose of this **Clause 9**, provided that such Notice shall be sent to the other Party and shall only be effective on:

- (a) the date specified in such Notice as the date on which the change is to take effect; or
- (b) if no date is so specified or the date specified is less than three Business Days after which such Notice was deemed to be given, the fourth Business Day after such Notice was deemed to be given.

9.6 A Notice required to be given under or in connection with this Agreement shall not be validly given if sent by email, unless upon the mutual consent of the Parties in respect of such Notice.

9.7 This **Clause 9** shall not prejudice the service of, or any step in, Proceedings permitted by law or the rules of the relevant Authority.

10 COSTS AND EXPENSES

10.1 Save as otherwise expressly provided in this Agreement, each Party shall pay its own costs and expenses in relation to the negotiation, preparation, execution and performance of this Agreement and the transactions contemplated by this Agreement.

10.2 Without limiting the generality of **Clause 10.1**, all the fees payable to any Authority in connection with the creation, offering and issue of the Subscription Bonds or the Conversion Shares in respect thereof or the execution or delivery of this Agreement and the Bond Documents (including

expenses incurred or to be incurred in connection with the listing of the Conversion Shares in respect thereof on the HKSE, stamp, issue and registration duties and documentary or other taxes, including interest and penalties payable, if any) shall be paid by the Issuer.

11 GENERAL PROVISIONS

- 11.1 Any time, date or period referred to in this Agreement may be extended by mutual agreement in writing between the Parties (but, as regards any time, date or period originally fixed or any time, date or period so extended, time shall be of the essence).
- 11.2 This Agreement shall be binding on and inure for the benefit of the successors of each of the Parties but shall not be assignable without the prior written consent of the other Party. Any purported assignment in contravention of this **Clause 11.2** shall be null and void *ab initio*.
- 11.3 No variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the Parties. The expression "variation" shall, in each case, include any variation, supplement, deletion or replacement howsoever effected.
- 11.4 Any waiver of any right or default under this Agreement shall be effective only in the instance given and shall not operate as or imply a waiver of any other or similar right or default on any subsequent occasion. No waiver of any provision of this Agreement shall be effective unless in writing and signed by each Party against whom such waiver is sought to be enforced.
- 11.5 Any delay by any Party in exercising, or any failure to exercise, any right or remedy under this Agreement shall not constitute a waiver of the right or remedy (or a waiver of any other rights or remedies), and no single or partial exercise of any rights or remedy under this Agreement or otherwise shall prevent any further exercise of the right or remedy (or the exercise of any other right or remedy).
- 11.6 The rights and remedies of the Parties under this Agreement are not exclusive of any rights or remedies provided by law.
- 11.7 This Agreement contains the whole agreement and understanding between the Parties relating to the transactions contemplated by this Agreement and supersedes all previous agreements, understandings or arrangements (whether oral or written) between the Parties relating to such transactions.
- 11.8 If at any time any provision of this Agreement shall be held to be illegal, void, invalid or unenforceable in whole or in part under any law in any jurisdiction, then:
- (a) such provision shall:
- (i) to the extent that it is illegal, void, invalid or unenforceable, be given no effect and shall be deemed not to be included in this Agreement in that jurisdiction;
 - (ii) not affect or impair the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; and
 - (iii) not affect or impair the legality, validity or enforceability under the law of any other jurisdiction of such provision or any other provision of this Agreement; and

- (b) the Parties shall use all reasonable efforts to replace such a provision with a valid and enforceable substitute provision which carries out, as closely as possible, the intentions of the Parties under this Agreement.

12 ANNOUNCEMENTS

- 12.1 No announcement, press release or other public disclosure concerning the existence or the subject matter of this Agreement or any ancillary matter shall be made by or on behalf of any Party without the prior written approval of the other Party (such approval not to be unreasonably withheld or delayed). This **Clause 12.1** does not apply in the circumstances described in **Clause 12.2**.
- 12.2 A Party may make an announcement concerning the existence or the subject matter of this Agreement if required by:
 - (a) law (including the Listing Rules); or
 - (b) any Authority to which that Party is subject or submits, wherever situated,
in which case that Party shall:
 - (c) to the extent permitted by law, first give notice to the other Party of its intention to make such an announcement; and
 - (d) take all such steps as may be reasonable and practicable in the circumstances to agree the contents of such announcement with the other Party,
before making such announcement.
- 12.3 The restrictions contained in this **Clause 12** shall continue to apply after Completion or termination of this Agreement without limit in time.

13 CONFIDENTIALITY

- 13.1 Subject to the permitted disclosures provided for in **Clause 13.2**, each Party shall treat as strictly confidential and shall not, without the written consent of the other Party, disclose to any other person any information:
 - (a) received or obtained as a result of entering into or performing this Agreement;
 - (b) which relates to the provisions, negotiations or subject matter of this Agreement and the Bond Documents (including the existence, status or resolution of, or facts or details of, any proceeding, suit or action arising out of, or in connection with this Agreement, the Bond Documents and any matter arising therefrom); and
 - (c) which relates to the other Party,
including written information and information transferred or obtained orally, visually, electronically or by any other means (collectively "**Confidential Information**").
- 13.2 Notwithstanding the other provisions of this **Clause 13**, a Party may disclose Confidential Information which would otherwise be subject to the provisions of **Clause 13.1** if and to the extent:

- (a) it is required by law to which such Party is subject or for the purpose of any judicial proceedings;
- (b) it is required by existing contractual obligations which it is subject to prior to the date of this Agreement (provided that it has informed the other Party of such contractual obligations in writing before the execution of this Agreement);
- (c) it is required by any Authority to which it or its Affiliates are subject or submit (whether or not the requirement for information has the force of law);
- (d) it is required by any judicial or administrative process including in connection with any dispute, controversy, difference, claim or obligation in connection with arbitration under this Agreement and the Bond Documents;
- (e) it is disclosed on a strictly confidential basis to its advisers, partners, co-investors, auditors, bankers and/or financing sources and their respective Representatives;
- (f) it is disclosed on a strictly confidential basis to its Affiliates or Representatives (or to Representatives of its Affiliates) on a need to know basis;
- (g) it is disclosed on a strictly confidential basis to a permitted transferee or prudent prospective transferee of the Subscription Bonds;
- (h) it was lawfully in its possession or in the possession of any of its Affiliates or Representatives (in either case as evidenced by written records) free of any restriction as to its use or disclosure prior to it being so disclosed;
- (i) the information has come into the public domain through no fault of that Party or any of its Affiliates or Representatives;
- (j) the other Party has given prior written consent to the disclosure (such consent not to be unreasonably withheld or delayed); or
- (k) it is required to enable that Party to perform this Agreement or enforce its rights under this Agreement,

and provided that, to the extent permitted by Law, any Confidential Information to be disclosed in reliance on **Clauses 13.2(a)** or **13.2(c)** shall be disclosed only after consultation with the other Party and the Party intending to disclose the Confidential Information shall take into account the reasonable comments or requests of such other Party.

14 FURTHER ASSURANCE

Without prejudice to any other provision of this Agreement, each Party shall (on being reasonably required to do so by the other Party, now or at any time in the future) do or procure the doing of all such acts (and/or execute or procure the execution of such documents in a form reasonably satisfactory to such other Party) which such other Party may from time to time reasonably require for giving full effect to this Agreement and securing to such other Party the full benefit of the rights, powers and remedies conferred upon such other Party in this Agreement.

15 LANGUAGE

- 15.1 Each notice, demand, request, statement, instrument, certificate or other communication under or in connection with this Agreement shall be in English.
- 15.2 If this Agreement is translated into any language other than English, the English language text shall prevail.

16 COUNTERPARTS

This Agreement may be executed in counterparts, and by the Parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement, but the counterparts shall together constitute one and the same instrument.

17 GOVERNING LAW AND ARBITRATION

- 17.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter shall be governed by, and construed in accordance with, Hong Kong law.
- 17.2 Any dispute, controversy, difference or claim arising out of or relating to this Agreement or the Bond Documents (including the existence, validity, interpretation, performance, breach or termination thereof or any dispute regarding non-contractual obligations arising out of or relating to this Agreement or the Bond Documents) shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Centre (the “HKIAC”) under the Hong Kong International Arbitration Centre Administered Arbitration rules in force when the notice of arbitration is submitted. The seat of arbitration shall be Hong Kong. The number of arbitrators shall be three, of whom one shall be appointed by the claimant(s) to the dispute, one arbitrator shall be appointed by the respondent(s) to the dispute, and one arbitrator shall be appointed by the Chairman of the HKIAC. The arbitration proceedings shall be conducted, and all written decisions or correspondences shall be, in English. The prevailing party or parties in the arbitration shall be entitled to receive reimbursement of their reasonable expenses (including attorneys’ fees and translation fees) incurred in connection therewith. Notwithstanding the foregoing, the parties to the arbitration shall have the right to bring judicial proceedings to obtain preliminary injunctive relief at any time during the pendency of arbitration proceedings; provided that such preliminary injunctive relief shall be subject to final arbitral decisions.
- 17.3 For the purposes of waiver of any applicable sovereign immunity, each of the Parties unconditionally and irrevocably: (a) agrees that the execution, delivery and performance by it of this Agreement and Bond Documents constitutes private and commercial acts rather than public or governmental acts; (b) agrees that, should any judicial or arbitral proceeding be brought against it or its assets in any jurisdiction under this Agreement and Bond Documents, no immunity from such proceedings or in respect of its assets shall be claimed by or on behalf of itself or with respect to any of its assets; (c) waives (to the fullest extent) any right of immunity which it or any of its assets now has or may acquire in the future in any jurisdiction; (d) waives (to the fullest extent) any and all procedural privileges or immunities which it may be entitled to exercise and assents and consents to the giving of relief against it or its assets by way of injunction (interlocutory or final) or any analogous relief; and (e) consents generally, in respect of the enforcement of any arbitral award, judgment or interlocutory order against it in any judicial or arbitral proceeding in any jurisdiction, to the giving of any relief or to the issue of any process in connection with such proceedings (including the making, enforcement or execution of any judgment or arbitral award, or any order

arising out of any such judgment or arbitral award, against or in respect of any of its assets whatsoever irrespective of their use or intended use).

18 THIRD PARTY RIGHTS

- 18.1 Unless expressly provided to the contrary in this Agreement or a Bond Document, 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 enjoy the benefit of any term of this Agreement.

SCHEDULE 1

WARRANTIES

1. THE ISSUER AND THE GROUP

1.1 Due Incorporation

Each Group Member is duly incorporated and validly existing under the laws of its place of incorporation and each Group Member has the power and capacity to own its assets and to conduct its business in the manner presently conducted and there has been no petition filed, order made or effective resolution passed for the liquidation or winding up of any Group Member.

1.2 Power and Authority

- (a) The Issuer has the full power, authority and capacity to enter into and perform its obligations under this Agreement and, subject to satisfaction of the Conditions Precedent in **Clause 3**, to issue the Subscription Bonds and (upon conversion of the Subscription Bonds) the Conversion Shares to the Subscriber (or its nominee) and all necessary Authorisations relating to the same have been (or will, prior to Completion, be) unconditionally obtained and are (or will, prior to Completion, be) in full force and effect.
- (b) Each of this Agreement and the Bond Documents has been duly authorised, executed and delivered by the Issuer and constitutes valid and binding obligations of the Issuer enforceable in accordance with its terms (except as such enforceability may be limited under applicable bankruptcy, insolvency, reorganisation, moratorium or similar laws of general applicability relating to or affecting creditors' rights and to general equitable principles).
- (c) The execution and delivery of, and the performance by the Issuer of its obligations under, this Agreement and the Bond Documents to which the Issuer is party to will not:
 - (i) be or result in a breach of any provisions of any constitutional documents of any Group Member or a violation of any law;
 - (ii) be or result in a breach of, or constitute a default under, any instrument to which the Issuer or any other Group Member is a party or by which the Issuer is bound; or
 - (iii) be or result in a breach of any order, judgment or decree of any court or Authority to which the Issuer or any other Group Member is a party or by which the Issuer or any other Group Member is bound.

1.3 Share Capital

- (a) As at the date of this Agreement, 2,000,000,000 Shares are in issue and are fully paid up.
- (b) Save and except the Bonds and any Share Options which may be granted under the Share Option Scheme, there are no outstanding securities issued by any Group Member convertible into or exchangeable for Shares (or warrants, rights or options to purchase or subscribe for Shares from any Group Member), nor are there other or similar arrangements

providing for the purchase of Shares or the subscription for Shares from any Group Member, and no unissued share capital of the Issuer is under option or agreed conditionally or unconditionally to be put under option.

1.4 **Bonds**

- (a) The Bonds (when issued) will be duly and validly issued, free and clear of all Encumbrances.
- (b) The Bonds (when issued) will constitute direct, unconditional and unsubordinated obligations of the Issuer and will at all times rank *pari passu* and rateably without any preference as between themselves, and with all other present and future unconditional and unsubordinated obligations of the Issuer (other than those preferred by applicable law).

1.5 **Issuance of Conversion Shares**

- (a) The Issuer has and will comply with the Listing Rules in relation to the issue of Conversion Shares under the Conditions.
- (b) The Conversion Shares (when issued) will be duly and validly issued, fully-paid and rank *pari passu* with, and carry the same rights in all aspects as, the other Shares then in issue and shall be entitled to all dividends and other distributions declared, paid or made thereon.
- (c) The Conversion Shares, when issued and delivered in the manner contemplated by the Bonds, will be free and clear of all Encumbrances, not be subject to calls for further payment, any pre-emptive or similar rights or claims of third parties and there will be no restrictions on transfers of the Conversion Shares.
- (d) There are no restrictions applicable to the Shares generally upon the voting or transfer of any of the Shares pursuant to the constitutional documents of the Issuer or any Group Member pursuant to any agreement or other instrument to which the Issuer or any other Group Member is a party or by which the Issuer or any other Group Member is bound.

2. **BUSINESS AND LAW**

2.1 **Authorisations**

Each Group Member has obtained such material Authorisations as are required under the provisions of any applicable law in connection with the operation of the Business and utilising any of the Business assets and there is no breach by any Group Member of the provisions of any law governing such Authorisations (nor is there any reason why any such Authorisation should be withdrawn or cancelled) in any material respects.

2.2 **Compliance with Law**

- (a) The Issuer is in compliance with all applicable law with respect to the Bonds.
- (b) No Authorisation of or with any Authority having jurisdiction over the Issuer is required and no other action or thing is required to be taken, fulfilled or done for the issue or offer of the Bonds or the consummation of the other transactions contemplated by this

Agreement and the Bond Documents (except for those which have been or will, on or prior to the Completion Date be, obtained and are or will, on the Completion Date be, in full force and effect).

3. MATERIAL LITIGATIONS

- 3.1 No Group Member is engaged in or the subject of any litigation or arbitration or administrative or criminal proceedings (whether as claimant, plaintiff, defendant or otherwise), or any investigation or enquiry by any Authority, which is of a material nature. There are no proceedings threatened or pending against any Group Member including proceedings in respect whereof any Group Member is liable to indemnify any party concerned therein and in particular but without prejudice to the generality of the foregoing no Group Member is liable (other than contingently) to make any redundancy or severance or long service payment to any person or pay any other compensation to any of its employees and there are no facts which are likely to give rise to any litigation or proceedings. There are no unfulfilled or unsatisfied judgments or orders against any Group Member or any of its assets and there has been no delay by it in the payment of any obligation due for payment.

4. SOLVENCY

3.1 Winding-up

No order has been made, petition presented or resolution passed for the winding up of the Issuer and no meeting has been convened for the purpose of winding up the Issuer.

3.2 Administration and Receivership

No steps have been taken for the appointment of an administrator or receiver (including an administrative receiver) in respect of the Issuer or all or any part of the Business assets.

3.3 Compositions

The Issuer has not made or proposed any arrangement or composition with its creditors or any class of its creditors.

5. INFORMATION

4.1 Announcement

The Issuer will make all necessary disclosures pursuant to the Listing Rules in connection with the transactions contemplated under this Agreement (including the Announcement).

- 4.2 All statements of fact contained in the most recent annual report and interim report of the Issuer were true and accurate in all respects and not misleading in any respect, and all statements of opinion, intention or expectation of the Directors in relation to the Issuer or the Group contained therein were truly and honestly held and on bases and assumptions that were fair and reasonable.

- 4.3 All information contained in this Agreement (including the recitals) is true and accurate in all respects and not misleading in any respect.

- 4.4 All written information given to the Subscriber and their professional advisers by the Issuer, the officers and employees of the Issuer, the Issuer's advisers or professional advisers during the negotiations prior to this Agreement was when given and is at the date hereof true and accurate.
- 4.5 All information, facts or circumstances (i) which (either on its own or together with others) might reasonably have been expected to influence the decision of the Subscriber to subscribe for the Subscription Bonds on the terms contained in this Agreement and (ii) which have caused or are reasonably expected to cause a material adverse effect on the Group, have been disclosed to the Subscriber or any of its advisers or agents.
- 4.6 The Issuer is not aware of any material information (including any information regarding any material adverse change or prospective material adverse change in the condition of, or any actual, pending or threatened litigation, arbitration or similar proceeding involving, the Group) that is necessary to enable the Subscriber to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Group or which otherwise ought properly to be disclosed in accordance with the Listing Rules.

6. ACCOUNTS

Financial Statements

- 6.1 The Financial Statements:
- (a) have been prepared on a recognised and consistent basis and in accordance with the requirements of all relevant law and all relevant accounting standards;
 - (b) comply with all applicable law, and show a true and fair view of the state of affairs, assets and liabilities, financial position and profit or loss of the Group for the period in question;
 - (c) disclose and make full provision or reserve for all actual liabilities;
 - (d) disclose and make full provision or reserve for or note all contingent, unquantified or disputed liabilities, capital or burdensome commitments and deferred or provisional tax;
 - (e) are not affected by any unusual or non-recurring items and do not include transactions not normally undertaken by the Group (save as disclosed in such accounts).
- 6.2 Depreciation of the fixed assets of the Group has been made at a rate sufficient to write down the value of such assets to nil not later than the end of their useful working lives.
- 6.3 Slow moving stock has been written down appropriately and unrecoverable work in progress and redundant and obsolete stock has been wholly written off and the value attributed to the remaining stock did not exceed the lower of cost or net realisable value at the accounts date on a going concern basis.
- 6.4 The Group's stock in trade and work in progress has been valued on a basis in all material respects consistent with that adopted for the purpose of the Group's audited accounts in respect of the beginning and end of each of the last three preceding accounting periods.

- 6.5 Full provision or reserve has been made in the accounts of the Issuer for all tax including deferred or provisional taxation in respect of all accounting periods ended on or before the accounts date of such accounts for which the Group was then or might at any time thereafter become or have become liable including (without limitation) tax (i) on or in respect of or by reference to the profits, gains or income for any period ended on or before the accounts date of such accounts; or (ii) in respect of any event before the accounts date of such accounts including distributions made and charges on profits, income or assets on or before such date.
- 6.6 The bases and policies of accounting of the Group (including depreciation) adopted for the purpose of preparing the accounts of the Issuer are the same as those adopted for the purpose of preparing the audited accounts of the Group for each of the last three preceding accounting periods.
- 6.7 The Group has not factored any of its debts or entered into any financing arrangement of a type which would not require to be shown or reflected in the accounts of the Issuer.

7. CONDUCT OF THE BUSINESS

- 7.1 The Business has been carried on in the ordinary and usual course so as to maintain it as a going concern and without any material interruption or alteration in the nature, scope or manner of the Business.

8. INDEBTEDNESS

- 8.1 No event has occurred as a result of which any material outstanding indebtedness of any member of the Group has become or will become payable or repayable prior to its maturity date, nor has any demand being made for such indebtedness to be paid or repaid.

Executed as an agreement.

SIGNED by WAN MAN KEUNG)
)
for and on behalf of)
SEM HOLDINGS LIMITED)
澳達控股有限公司)
in the presence of:)

For and on behalf of
SEM Holdings Limited

.....
Authorized Signature(s)

.....
Name: LEE Hong Man Herman
Title: Loeb & Loeb LLP
Solicitor, Hong Kong SAR

SIGNED by)
)
for and on behalf of)
YAO CAPITAL LIMITED)
姚記資本有限公司)
in the presence of:)

.....
Name:
Title:

Executed as an agreement.

SIGNED by)
)
for and on behalf of)
SEM HOLDINGS LIMITED)
澳達控股有限公司)
in the presence of:)

.....
Name:
Title:

SIGNED by Yao Shubin)
)
for and on behalf of)
YAO CAPITAL LIMITED)
姚記資本有限公司)
in the presence of:)

梁美鋒
.....
Name:
Title: 梁美鋒

For and on behalf of
YAO CAPITAL LIMITED
姚記資本有限公司

.....
Authorized Signature(s)

APPENDIX 1

**FORM OF BOND INSTRUMENT AND CERTIFICATE
(WITH TERMS AND CONDITIONS ATTACHED)**

Dated [*]

INSTRUMENT

relating to

HK\$44,000,000

Two-year zero coupon Convertible Bonds due 2028

issued by

SEM HOLDINGS LIMITED

澳達控股有限公司

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THIS INSTRUMENT is executed by way of deed poll on [*] 202[*] by **SEM HOLDINGS LIMITED** (澳達控股有限公司), a company incorporated in the Cayman Islands, whose registered address is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and having its principal place of business in Hong Kong at Unit 1, 4/F, Chai Wan Industrial City Phase II, 70 Wing Tai Road, Chai Wan, Hong Kong and whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 9929) (the “**Issuer**”).

RECITALS:

- (A) The board of directors of the Issuer (the “**Board**”) has, pursuant to a resolution of the Board passed on [*] and a resolution of the Shareholders passed on [*] resolved to issue Bonds in registered form (conferring upon the Bondholders, among other things, the right to convert their Bonds into Conversion Shares).
- (B) The Issuer has determined to create and issue the Bonds to be constituted by this Instrument by way of a deed poll.

IT IS DECLARED as follows:

1 INTERPRETATION

- 1.1 In this Instrument (save where the context otherwise requires), the words and expressions set out below shall have the following meanings:

“**Bonds**” means the two-year zero coupon convertible bonds due 2028, convertible into Conversion Shares, in the aggregate principal amount of HK\$44,000,000 to be issued by the Issuer;

“**Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general business in Hong Kong (other than a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” or “extreme conditions” as announced by the Hong Kong Government is hoisted or remains hoisted in Hong Kong at any time between 9:00 am and 5:00 pm) and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered;

“**Certificates**” means the certificates (in registered form) to be issued in respect of the Bonds substantially in the form set out in the Schedule, as from time to time modified in accordance with the provisions set out therein and herein;

“**Conditions**” means the Terms and Conditions of the Bonds (as attached to the Certificate and set out in the Schedule) as the same may from time to time be modified in accordance with the provisions set out therein and herein, and the term “**Condition**” (together with a corresponding number) shall be construed accordingly;

“**Instrument**” means this Instrument and the Schedule (as from time to time modified in accordance with the terms hereof) and includes any instrument which is executed in accordance with the provisions hereof (as from time to time modified as aforesaid) and expressed to be supplemental hereto;

- 1.2 Save as expressly provided in this Instrument, or as the context otherwise requires, the definitions in and other provisions of Condition 1 (Definitions and Interpretation) of the Conditions are deemed to be incorporated *mutatis mutandis* in this Instrument.
- 1.3 References in this Instrument to Clauses and the Schedule shall be construed as references to the clauses of, and the schedule to, this Instrument.
- 1.4 The headings to Clauses and Conditions are included for convenience only and shall be

ignored in construing this Instrument and the Conditions.

2 COVENANTS

- 2.1 The Issuer has created the Bonds on the terms set out in this Instrument.
- 2.2 The Bonds shall be held subject to the aforesaid provisions of this Clause 2, which shall be binding upon the Issuer and the Bondholders and all persons claiming through or under them, respectively. The Issuer hereby covenants with any person who becomes from time to time a Bondholder to observe and duly perform its obligations and undertakings under this Instrument and the Conditions.

3 BOND CERTIFICATES; DUTIES; REGISTER; SPECIFIED OFFICE

- 3.1 The aggregate principal amount of the Bonds shall be HK\$44,000,000. The Bonds are in registered form in denominations of HK\$1,000,000 each or integral multiples thereof. Every Bondholder shall be entitled to a Certificate substantially in the form set out in the Schedule (having attached thereto the Conditions). All Certificates shall be issued by the Issuer in accordance with the Conditions and this Instrument.
- 3.2 The Issuer shall pay all capital duties and stamp duties (if any) payable on the issue of the Bonds, the initial delivery of the Certificates, the execution of this Instrument and the issue and delivery of Conversion Shares on conversion of the Bonds.
- 3.3 The Issuer shall cause the Register to be maintained in Hong Kong in accordance with the Conditions. The Register shall show (among other things) the principal amount of the Bonds and the date of issue and all subsequent transfers and changes of ownership in respect thereof and the names and addresses of the Bondholders. The Register shall include a record of the certificate number of each Certificate which is issued and the Bonds to which it relates. Any Bondholder shall be entitled to inspect the Register at any time between 9:30 am and 5:00 pm Hong Kong time on any Business Day upon prior appointment with the Issuer and, upon written request to the Issuer, to a copy of the Register, which shall be made available for collection at the specified office of the Registrar.
- 3.4 The Issuer shall maintain an office in Hong Kong as its specified office for the purposes of the Bonds. Such specified office shall initially be the one set out in the Conditions. The Issuer shall notify the Bondholders of any change of specified office in accordance with the Conditions.

4 ACKNOWLEDGEMENT

The Issuer acknowledges and agrees that the terms of the Bonds (including the covenants to be given) have been agreed between the Issuer and the subscriber of the Bonds on an arms-length, commercial basis.

5 **MODIFICATIONS**

Any modification to this Instrument or the Conditions may be effected in accordance with the Conditions. Notice seeking the consent of the Majority Bondholders of every modification to this Instrument (including to the Conditions) shall promptly be given to each Bondholder.

6 **SUIT BY BONDHOLDERS**

6.1 The Issuer hereby acknowledges and covenants that the benefit of the representations and warranties, covenants, obligations and conditions on the part of or binding upon it contained in this Instrument and the Bonds shall inure to each and every Bondholder.

6.2 Each Bondholder shall be entitled severally to enforce the said covenants, obligations and conditions against the Issuer insofar as each such Bondholder's Bonds are concerned, without the need to join the original holders of any such Bond or any intervening or other Bondholder in the proceedings for such enforcement.

7 **LANGUAGE**

This Instrument and the Bonds are in English. If a translation is prepared, the English version shall prevail and the translation shall be for information purposes only.

8 **THIRD PARTY RIGHTS**

A person who is not the Issuer or a Bondholder has no right under the Contracts (Rights of Third Parties) Ordinance (Cap 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of any term of this Instrument.

9 **GOVERNING LAW AND ARBITRATION**

9.1 This Instrument and the Bonds, and any dispute or claim arising out of or in connection with either of them, shall be governed by and construed in accordance with the laws of Hong Kong.

9.2 Any dispute, controversy, difference or claim arising out of or relating to this Instrument or the Bonds (including the existence, validity, interpretation, performance, breach or termination thereof or any dispute regarding non-contractual obligations arising out of or relating to this Instrument or the Bonds) shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Centre (the "HKIAC") under the Hong Kong International Arbitration Centre Administered Arbitration Rules in force when the notice of arbitration is submitted. The seat of arbitration shall be Hong Kong. The number of arbitrators shall be three, of whom one shall be appointed by the claimant(s) to the dispute, one arbitrator shall be appointed by the respondent(s) to the dispute, and one arbitrator shall be appointed by the Chairman of the HKIAC. The arbitration proceedings shall be conducted, and all written decisions or correspondences shall be, in English. The prevailing party or parties in the arbitration shall be entitled to receive reimbursement of their reasonable expenses (including attorneys' fees and translation fees) incurred in connection therewith. Notwithstanding the foregoing, the parties to the arbitration shall have the right to bring judicial proceedings to obtain preliminary injunctive relief at any time during the pendency of arbitration proceedings (provided that such preliminary injunctive relief shall be subject to final arbitral decisions).

IN WITNESS whereof the Issuer has executed and delivered this Instrument as a deed poll on the day and year first above written.

THE COMMON SEAL of)
SEM HOLDINGS LIMITED)
澳達控股有限公司)
was affixed hereto in the presence of:)

.....
Name:
Director

SCHEDULE

BOND CERTIFICATE

Certificate number: [●]

SEM HOLDINGS LIMITED

澳達控股有限公司

(incorporated in the Cayman Islands with limited liability)

HKS44,000,000

Two-year zero coupon Convertible Bonds Due 2028

THIS CERTIFICATE represents HK\$[*insert amount of the Bonds represented by this Certificate*] in the aggregate principal amount of the HK\$44,000,000 two-year zero coupon convertible bonds due 2028 (the “**Bonds**”) of SEM Holdings Limited (澳達控股有限公司) (the “**Issuer**”).

THIS IS TO CERTIFY that [*insert name of Bondholder*] of [*insert address of Bondholder*] is the registered holder of the Bonds for the aggregate principal amount stated above. The Bonds are issued on and subject to the attached terms and conditions (the “**Conditions**”), which shall form an integral part of this Certificate, as the same may be amended from time to time, which Conditions are binding on both the Bondholder and the Issuer. The Issuer undertakes to perform and comply with the Conditions in accordance with the provisions of the Conditions.

The Bonds in respect of which this Certificate is issued are convertible into ordinary shares of the Issuer in accordance with and subject to the Conditions and the Instrument referred to in the Conditions.

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

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

Issued by and under the common seal of the Issuer on [*insert date of issue of this Certificate*].

THE COMMON SEAL of)
SEM HOLDINGS LIMITED ¹)
澳達控股有限公司)
was affixed hereto in the presence of:)

.....
Name:
Director

¹ Note: to be sealed by the Issuer or (if applicable) authenticated by a third party Registrar.

TERMS AND CONDITIONS OF THE BONDS

The issue of HK\$44,000,000 two-year zero coupon convertible bonds due 2028 (the “**Bonds**”) of SEM Holdings Limited (澳達控股有限公司) (the “**Issuer**”) and the right of conversion into Conversion Shares is effected pursuant to the terms of the Instrument dated [*] executed by the Issuer by way of a deed poll (the “**Instrument**”).

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In these Conditions:

“**Additional Tax Amounts**” has the meaning given to it in Condition 13;

“**Associate**” has the meaning given to it in the Listing Rules;

“**Board**” means the board of directors of the Issuer;

“**Bond Documents**” means: (a) the Bonds; (b) these Conditions; and (c) any other document designated as a Bond Document by the Majority Bondholders and the Issuer;

“**Bondholder**” means a registered holder of Bonds;

“**Bonds**” has the meaning given to it in the preamble;

“**Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general business in Hong Kong (other than a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” or “extreme conditions” as announced by the Hong Kong Government is hoisted or remains hoisted in Hong Kong at any time between 9:00 am and 5:00 pm) and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered;

“**Capital Distribution**” has the meaning given to it in Condition 9.13;

“**Certificate**” has the meaning given to it in the Instrument;

“**Companies Ordinance**” means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

“**Conversion Date**” has the meaning given to it in Condition 7.3(b);

“**Conversion Notice**” means a written notice of conversion to be given by the Bondholder for the purpose of its exercise of the Conversion Right substantially in the form set out in Annexure 2;

“**Conversion Period**” has the meaning given to it in Condition 7.1(a);

“**Conversion Price**” means the price per Conversion Share at which Conversion Shares will be issued upon the exercise of the Conversion Right attached to the Bonds, which price being initially HK\$0.11 per Share, subject to adjustment as provided in these Conditions;

“**Conversion Right**” means the right to convert the Bonds into Conversion Shares;

“**Conversion Shares**” means the new Shares to be allotted and issued by the Issuer to the

Bondholder upon the exercise of the Conversion Right attached to its Bonds;

“**Current Market Price**” has the meaning given to it in Condition 9.13;

“**Early Redemption Amount**” means 100% of the principal amount of the relevant Bonds to be redeemed;

“**Event of Default**” means any event or circumstance described as such in Condition 14.1;

“**Fair Market Value**” has the meaning given to it in Condition 9.13;

“**Group**” means the Issuer and its Subsidiaries, and “**Group Member**” means any of those persons or entities;

“**HK\$**” means Hong Kong dollars, the lawful currency of Hong Kong;

“**HKIAC**” has the meaning given to it in Condition 23;

“**HKSE**” means The Stock Exchange of Hong Kong Limited (or any other stock exchange on which the Shares are listed from time to time with the prior consent of the Majority Bondholders);

“**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC;

“**Independent Investment Bank**” has the meaning given to it in Condition 9.13;

“**Instrument**” has the meaning given to it in the preamble;

“**Issue Date**” means the date on which the Bonds were first issued pursuant to the Subscription Agreement;

“**Issuer**” has the meaning given to it in the preamble;

“**Listing Rules**” means the Rules Governing the Listing of Securities on HKSE;

“**Majority Bondholders**” means a Bondholder or those Bondholders together holding more than 50% of the aggregate principal amount of the Bonds outstanding at the relevant time;

“**Maturity Date**” has the meaning given to it in Condition 12.1;

“**Options**” has the meaning given to it in Condition 9.4;

“**PRC**” means the People’s Republic of China;

“**Redemption Amount**” has the meaning given to it in Condition 12.1;

“**Redemption Notice**” means any notice of redemption delivered by a Bondholder to the Issuer in accordance with the Conditions and substantially in the form set out in Annexure 3;

“**Register**” has the meaning given to it in Condition 5;

“**Registrar**” means the Issuer or such other registrar appointed by the Issuer and notified to the Bondholders;

“**Registration Date**” has the meaning given to it in Condition 7.3(c)(ii);

“**Relevant Event**” has the meaning given to it in Condition 12.4;

“**Security**” means any lien, pledge, encumbrance, charge (fixed or floating), mortgage, third party claim, debenture, option, right of pre-emption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or security interests of any kind (including retention arrangements or other encumbrances and any agreement to create any of the foregoing);

“**Shareholder**” means a registered holder of Shares;

“**Shares**” means ordinary shares with a par value of HK\$0.01 each in the capital of the Issuer;

“**Subscription Agreement**” means the subscription agreement between the Issuer as issuer and Yao Capital Limited as subscriber dated [*] 2025 in respect of the subscription of the Bonds;

“**Subsidiary**” has the meaning given to it in the Companies Ordinance, and “**Subsidiaries**” shall be construed accordingly;

“**Trading Day**” has the meaning given to it in Condition 9.13;

“**Voting Rights**” means the right generally to vote at a general meeting of shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency); and

“**VWAP**” means, in respect of a Share on any Trading Day, the volume weighted average price of a Share calculated by dividing the turnover of the Shares on such Trading Day (as stated in the HKSE’s daily quotations sheets) by the number of Shares traded on such Trading Day (as stated in the HKSE’s daily quotations sheets).

1.2 Interpretation

- (a) Except where the context otherwise requires, any reference in these Conditions to:
- (i) “**assets**” includes present and future properties, revenues and rights of every description;
 - (ii) any Bondholder, any Group Member or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
 - (iii) a “**person**” includes any individual, company, corporation, joint stock company, body corporate, association, trust, joint venture, partnership, firm, organisation, Authority or any other entity (whether or not having separate legal personality), its successors and assigns;
 - (iv) a reference to any Hong Kong legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than Hong Kong be deemed to include what most nearly approximates the Hong Kong legal term in that jurisdiction and references to any Hong Kong statute or enactment shall be deemed to include any equivalent or analogous laws or rules in any other jurisdiction;
 - (v) a reference to any law, enactment or Listing Rule includes references to: (A) that law, enactment or Listing Rule as re-enacted, amended, extended or

applied by or under any other enactment (before or after execution of this Agreement); (B) any law, enactment or Listing Rule which that law, enactment or Listing Rule re-enacts (with or without modification); and (C) any subordinate legislation made (before or after execution of this Agreement) under any law or enactment, as re-enacted, amended, extended or applied, as described in sub-paragraph (A) above, or under any law or enactment referred to in sub-paragraph (B) above, and “**law**” and “**enactment**” includes any legislation in any jurisdiction;

- (vi) a “**Bond Document**” or any other agreement or instrument is a reference to that Bond Document or other agreement or instrument as amended, novated, supplemented, extended or restated;
 - (vii) words importing the singular include the plural and vice versa, and words importing a gender include every gender;
 - (viii) a time of day is a reference to Hong Kong time; and
 - (ix) the words “**include**” and “**including**” shall be construed without limitation.
- (b) The headings in these Conditions are inserted for convenience only and shall not affect the construction of these Conditions.

2 STATUS

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and are issued with the benefits of these Conditions and shall at all times rank *pari passu* and rateably without 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 law, at all times rank at least equally with all of the Issuer’s other present and future direct, unconditional and unsubordinated obligations of the Issuer. No application will be made for a listing of the Bonds.

3 FORM AND DENOMINATION

The Bonds are issued in registered form in the amount of HK\$1,000,000 each (or integral multiples thereof) or such other amount as may be agreed by the Issuer and the Majority Bondholders. A definitive bond certificate (a “**Certificate**”) shall be issued to each Bondholder in respect of its registered holding of Bonds. Each Bond and each Certificate shall be numbered serially with an identifying number which shall be recorded on the relevant Certificate and in the Register.

4 TITLE

Title to the Bonds passes only by transfer and registration in the Register pursuant to Condition 16.1. A Bondholder may not transfer or assign any of its rights or obligations under or in connection with the Bonds other than by way of a transfer of the Bonds pursuant to Condition 16.1. The Bondholder shall (except as otherwise required by Law) be treated as its absolute legal and beneficial 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 (other than the endorsed form of transfer)) and no person shall be liable for so treating the Bondholder. The Issuer is not in any way to be bound by or recognize any interest in any Bond other than the Bondholder’s absolute ownership of it and all the rights attaching to it.

5 REGISTER

The Issuer shall cause to be maintained in Hong Kong at the specified office of the Registrar a register of Bondholders on which shall be entered the name, address and bank account details of each Bondholder and the particulars of the Bonds held by such Bondholder (the “Register”).

6 INTEREST

The Bonds do not bear any interest on their outstanding principal amount.

7 CONVERSION AT THE OPTION OF BONDHOLDER

7.1 Conversion Right and Conversion Period

- (a) Subject to Condition 8, each Bondholder has the right to convert all or any of its Bonds for Conversion Shares at any time during the Conversion Period. Such conversion right shall be exercised in accordance with Condition 7.3. Subject to compliance with these Conditions, the “**Conversion Period**” shall be the period commencing from the Issue Date and expiring on the close of business (at the place where the Certificate representing such Bond is deposited for conversion) on the earlier of:
- (i) the date which falls five Business Days prior to the Maturity Date; or
 - (ii) if such Bond shall have been called for redemption prior to the Maturity Date, the close of business (at the place aforesaid) on the date which falls five Business Days prior to the date fixed for redemption thereof.
- (b) A Conversion Right may be exercised in respect of one or more Bonds. If more than one Bond is held by the same holder is converted at any one time by the Bondholder, the number of Conversion Shares to be issued upon such conversion shall be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

7.2 Number of Conversion Shares and Fractions Arising on Conversion

- (a) The number of Conversion Shares to be issued on a conversion of the Bonds pursuant to this Condition 7 shall be determined by dividing the principal amount of the Bonds to be converted by the Conversion Price in effect at the Conversion Date.
- (b) Fractions of Conversion Shares shall not be issued on the conversion of any Bond and no cash adjustments shall be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time, the number of Shares to be issued to the Bondholder in whose name such Conversion Shares are to be registered on conversion shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Conversion Shares.

7.3 Conversion Procedure

(a) 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

principal office of the Issuer in Hong Kong:

- (i) a Conversion Notice; and
- (ii) the relevant Certificate(s).

Except as expressly provided herein, a Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal.

(b) **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 shall be deemed to be the second Business Day immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice.

(c) **Issue of Shares and Registration**

- (i) As soon as practicable on or before the fifth Business Day after the Conversion Date, the Issuer shall (upon exercise by a Bondholder of the Conversion Right and in respect of which a duly completed Conversion Notice and the relevant Certificate having been delivered as required by this Condition 7.3) issue to the Bondholder (or such other person designated for the purpose in the Conversion Notice) the relevant number of Conversion Shares and shall immediately upon the issue of those Conversion Shares enter the relevant Bondholder (or such other person designated for the purpose in the Conversion Notice) in the register of members of the Issuer as the holder of those Conversion Shares (and made available for collection at the office of the Issuer’s share registrar in Hong Kong or, if so requested in the Conversion Notice, 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 Share certificate or certificates to the person and at the place specified in the Conversion Notice), or, if the Bondholder has so requested, take reasonable actions to procure that Shares are delivered through the Central Clearing and Settlement System of Hong Kong.
- (ii) The Bondholder (or such other person designated in the Conversion Notice) shall become the holder of record of the number of Conversion Shares issuable upon conversion with effect from the date such person is registered as such in the Issuer’s register of members (the “**Registration Date**”). The Conversion Shares shall in all respects (including the rights to dividends) rank pari passu with the Shares in issue on the relevant Registration Date.
- (iii) If the Conversion Date in relation to the conversion of any Bond shall be on or after the record date for any issue, distribution, grant, offer or other event as giving rise to the adjustment of the Conversion Price pursuant to Condition 9, but before the relevant adjustment becomes effective under the relevant Condition, 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), such additional number of Shares as is, together with Shares issued or to be issued on conversion of the Bond, 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. In such event and in respect of such additional Shares, the Conversion Date of such additional Shares shall be deemed to be 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).

- (iv) 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 prior to the time such retroactive adjustment shall have become effective), the Issuer shall pay to the converting Bondholder or its designee an amount (the “**Equivalent Amount**”) in HK\$ equal to the Fair Market Value of any such dividend or other distribution to which such Bondholder would have been entitled had it on that record date been a Shareholder on record and shall make the payment at the same time as it makes payment of the dividend or other distribution to other Shareholders, or as soon as practicable thereafter, but in any event, not later than seven Trading Days thereafter. The Equivalent Amount shall be paid by means of transfer to the registered account of the Bondholder or by a HK\$ cheque drawn on a bank in Hong Kong and mailed to the registered address of the Bondholder specified in the relevant Conversion Notice if it does not have a registered account.

(d) **Taxes**

- (i) The Issuer shall pay any taxes and capital, stamp, issue and registration duties arising on conversion (including any taxes or capital or stamp duties payable in Hong Kong by the Issuer in respect of the allotment and issue of Conversion Shares and listing of the Conversion Shares on the HKSE).
- (ii) The Bondholder delivering a Certificate shall pay all other taxes, fees or expenses arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion. The Bondholder (and, if different, the person to whom the Conversion Shares are to be issued) must declare in the relevant Conversion Notice that any amounts payable to the relevant tax authorities in settlement of taxes payable pursuant to this Condition 7.3(d)(ii) have been, or (where permitted by law) will be, paid.

8 **CONVERSION RESTRICTIONS**

Notwithstanding any Conditions, no Bondholder may deposit the Conversion Notice unless:

- (a) any conversion shall be made in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion save that if at any time the aggregate outstanding principal amount of the Bonds is less than HK\$1,000,000, the whole (but not part only) of the outstanding principal amount of the Bonds may be converted;
- (b) the conversion will not cause the Issuer to be unable to meet the public float requirement under the Listing Rules or as required by the HKSE, in which case only a portion of the Conversion Rights may be exercised so as to maintain the public float requirement;
- (c) the conversion will comply with all applicable laws, regulations and rules (including without limitation, Rule 31.3 of the Takeovers Code); and

- (d) the conversion will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder(s) which exercised the Conversion Rights and parties acting in concert with it, in which case only a portion of the Conversion Rights may be exercised such that the mandatory offer obligation will not be triggered.

9 ADJUSTMENTS TO CONVERSION PRICE

The Conversion Price shall be subject to adjustment in the following events:

9.1 Consolidation, Subdivision or Reclassification

If and whenever the Shares shall be consolidated, subdivided or reclassified, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

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

where:

- A is the nominal amount of one Share immediately after such consolidation, subdivision or reclassification; and
- B is the nominal amount of one Share immediately before such consolidation, subdivision or reclassification.

Such adjustment shall become effective on the date the consolidation, sub-division or reclassification (as the case may be) takes effect.

9.2 Capitalisation of Profits or Reserves

- (a) If and whenever the Issuer shall issue any Shares credited as fully paid to Shareholders by way of capitalisation of profits or reserves, save where Shares are issued in lieu of the whole or any part of a specifically declared cash dividend (the “**Relevant Cash Dividend**”), being a dividend which the Shareholders concerned would or could otherwise have received (a “**Scrip Dividend**”) and which would not have constituted a Capital Distribution, 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 a record date is fixed therefor, the day immediately after such record date.

- (b) In the case of an issue of Shares by way of a Scrip Dividend where 95% of the Current Market Price of such Shares on the date of announcement of the terms of such issue of Shares multiplied by the number of Shares issued exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, 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 aggregate nominal amount of the issued Shares immediately before such issue;
- B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which: (i) the numerator is the amount of the whole (or the relevant part) of the Relevant Cash Dividend; and (ii) the denominator is the Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole (or the relevant part) of the relevant cash dividend; and
- C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend.

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

9.3 Capital Distribution

If and whenever the Issuer shall pay or make any Capital Distribution to Shareholders, 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, the day immediately after such record date.

In making any calculation pursuant to this Condition 9.3, such adjustments (if any) shall be made as an Independent Investment Bank may consider appropriate to reflect: (a) any consolidation or subdivision of the Shares; (b) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event; (c) the modification of any rights to dividends

of Shares; or (d) any change in the financial year of the Issuer.

For the avoidance of doubt, when the Capital Distribution is by means of a Relevant Cash Dividend, only such portion of the Relevant Cash Dividend which exceeds the percentage for the period basis referred to in proviso (i) of the definition of Capital Distribution (the “**excess portion**”) shall be regarded as Capital Distribution and only the excess portion shall be taken into account in determining the Fair Market Value of the portion of the Capital Distribution attributable to one Share.

9.4 **Rights Issues of Shares or Options over Shares**

If and whenever the Issuer shall issue Shares to all or substantially all existing Shareholders as a class by way of rights, or issue or grant to all or substantially all existing Shareholders as a class, by way of rights, options, warrants or other rights to subscribe for or purchase any Shares (the “**Options**”), at less than 95% of the Current Market Price per Share on 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 issued by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire 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 (as the case may be) or, where a record date is fixed therefor, the day immediately after such record date.

9.5 **Rights Issues of Other Securities**

If and whenever the Issuer shall issue any securities (other than Shares or Options) 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 any options, warrants or other rights to subscribe for or purchase any securities (other than Shares or Options), 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 date on which the final terms of 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 the issue or grant of such rights, options or warrants (as the case may be) or, where a record date is fixed, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants (as the case may be).

9.6 **Issues at less than Current Market Price**

If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 9.4) wholly for cash any new Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or subscription for, Shares) or the issue or grant (otherwise than as mentioned in Condition 9.4) of options, warrants or other rights to subscribe or purchase Shares, at a price per Share which is less than 95% of the Current Market Price on 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 by the following fraction:

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

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 for the issue of such additional Shares would purchase at such Current Market Price per Share; and
- C is the number of Shares in issue immediately after the issue of such additional Shares.

In the case of an issue by the Issuer of options, warrants or other rights to subscribe or purchase Shares, references to “**additional Shares**” in the above formula shall mean such number of Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue 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 issue of such options, warrants or other rights.

9.7 **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 securities in accordance with the terms applicable to such securities themselves falling within the provisions of this Condition 9.7, the issue wholly for cash by the Issuer or any of its Subsidiaries (otherwise than as mentioned in Conditions 9.4, 9.5 or 9.6) or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity of any securities (other than the Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, new Shares to be issued by the Issuer upon conversion, exchange or subscription, at a consideration per Share which is less than 95% of the Current Market Price on 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;
- B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

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

9.8 **Modification of Rights of Conversion etc**

If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 9.7 so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is reduced and is less than 95% of the Current Market Price on 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:

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

where:

- A is such Current Market Price of one Share on the date on which such modification is announced; and
- B is the difference between the Fair Market Value of the modification on a per Share basis on the date of such announcement and the consideration received for the modification on a per Share basis of such modification.

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

9.9 **Other Offers to Shareholders**

If and whenever there shall be an issue, sale or distribution by the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity of any securities in connection with an offer by or on behalf of the Issuer or such other company, person or entity pursuant to which offer the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 9.4, 9.5, 9.6 or 9.7), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

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

where:

- A is the Current Market Price of one Share on 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.

9.10 Rounding and Minor Adjustments

On any adjustment, the relevant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one cent. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Bondholders in accordance with Condition 20 as soon as practicable after the determination thereof.

The Conversion Price may not be reduced so that, on conversion of Bonds, Conversion Shares would require Shares to be issued in any circumstances not permitted by Law.

9.11 More than One Event in Quick Succession

Without limiting Condition 9, where more than one event gives (or may give rise) to an adjustment to the Conversion Price occurs within a short period of time that, in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in their opinion appropriate in order to give such intended result.

9.12 No Increase in Conversion Price

No adjustment resulting in an increase in the Conversion Price shall be made, except in the case of a consolidation or reclassification of Shares as referred to in Condition 9.1.

9.13 Additional Definitions

For the purposes of these Conditions:

“**Capital Distribution**” means:

- (a) 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 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 but which excludes a Scrip Dividend adjusted for under (b) of this definition); and
- (b) any Relevant Cash Dividend of any kind by the Issuer for any financial period

(whenever paid and however described) unless: (i) (and only to the extent that) it does not, when taken together with any other Relevant Cash Dividend previously made or paid in respect of the same financial year, exceed 30% of the Issuer's most recently published audited consolidated net profit attributable to shareholders after deducting any minority interests, tax, extraordinary gains or losses and any gains or losses relating to the revaluation of the Bonds for such financial year in respect of which the Relevant Cash Dividend is made; or (ii) it comprises a purchase or redemption of Shares by or on behalf of the Issuer (or a purchase of Shares by or on behalf of a Subsidiary of the Issuer) where the purchase or redemption price (before expenses) in respect of such purchases or redemptions does not exceed the average closing market price of the Shares for the five preceding Trading Days on which the Shares were traded on the HKSE as determined in accordance with the applicable listing rules of the HKSE;

“Current Market Price” means, in respect of a Share at a particular time on a particular date, an amount which represents the arithmetic average of the VWAPs of a Share (being a Share carrying full entitlement to dividend) for the 20 consecutive Trading Days ending on and including the Trading Day immediately preceding such date; provided that if at any time during such 20 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 (or cum-any other entitlement) then:

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

and provided further that:

- (c) if the Shares on each of such 20 Trading Days have been quoted cum-dividend in respect of a dividend (or other entitlement) which has been declared or announced but the Shares to be issued do not rank for that dividend (or other entitlement), the VWAP 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 (or entitlement) per Share;
- (d) if the VWAP of a Share is not available on one or more of the said 20 Trading Days, then the arithmetic average of such VWAPs which are available in the relevant period shall be used (subject to a minimum of five such VWAPs); and
- (e) if less than five such VWAP of a Share is available in the relevant period, then the Current Market Price shall be determined in good faith by an Independent Investment Bank (acting as an expert);

“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 Independent Investment Bank (acting as an 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 Independent Investment Bank) 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 such options, warrants or other rights are publicly traded;

“**Independent Investment Bank**” means a leading investment bank or financial advisory company of international repute (acting as an expert) selected by the Issuer (at its own expense) and approved in writing by the Majority Bondholders;

“**record date**” means a date fixed by the constitutional documents of the Issuer or otherwise specified for the purpose of determining entitlements to dividends or other distributions to, or rights of, Shareholders; and

“**Trading Day**” means a day when the HKSE is open for dealing business (provided that, if no closing market price is reported in respect of the relevant Shares on the HKSE for one or more consecutive dealing days, such day or days shall be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of dealing days).

10 **NOTICE OF CHANGE IN CONVERSION PRICE**

The Issuer shall give notice to 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: (a) the event giving rise to the adjustment; (b) the Conversion Price prior to such adjustment; (c) the adjusted Conversion Price; and (d) the effective date of such adjustment.

11 **PAYMENTS**

Unless previously redeemed, converted or purchased and cancelled as provided herein, on the Maturity Date payment of principal due shall be made by transfer to the registered account of the Bondholder or by HK\$ cheque drawn on a bank in Hong Kong mailed to the registered address of the Bondholder if it does not have a registered account (but payment of principal shall only be made after surrender of the relevant Certificate at the principal place of business of the Issuer in Hong Kong).

11.1 **Rounding**

When making payments to or for the benefit of Bondholders, fractions of one cent shall be rounded down to the nearest cent.

11.2 **Registered Accounts**

For the purposes of these Conditions, a Bondholder’s registered account means the HK\$ account maintained by or on behalf of it with a bank in Hong Kong or any other jurisdiction, details of which appear on the Register at the close of business on the fifth Business Day before the due date for payment, and a Bondholder’s registered address means its address appearing on the Register at that time.

11.3 **Fiscal Laws**

All payments are subject in all cases to applicable Law in the place of payment, but without prejudice to the provisions of Condition 13. No commissions or expenses shall be charged to

the Bondholder in respect of such payments.

11.4 **Payment Initiation**

Where payment is to be made by transfer to a registered account, payment instructions shall be initiated and, where payment is to be made by cheque, the cheque shall be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) subject to the relevant Certificate is surrendered at the principal place of business of the Issuer in Hong Kong.

12 **REDEMPTION, PURCHASE AND CANCELLATION**

12.1 **Maturity**

- (a) Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer shall on the date falling on the second anniversary date of the Issue Date of the Convertible Bonds (the “**Maturity Date**”) redeem all the Bonds then outstanding at the principal amount of the Bonds (the “**Redemption Amount**”). Except as provided in these Conditions, the Bonds shall not be redeemed or repaid prior to the Maturity Date.
- (b) Subject to Conditions 12.4 and 14, neither the Issuer nor any Bondholder may redeem nor require the redemption of the Bonds at its option prior to the Maturity Date.

12.2 **Purchases**

The Issuer may at any time and from time to time purchase Bonds at any price in the open market or otherwise. Such Bonds may, at the option of the Issuer, be held, resold or cancelled. The Bonds so acquired, while held on behalf of the Issuer, shall not entitle the holders thereof to convert Bonds in accordance with these Conditions nor exercise any voting rights with respect to such Bonds.

12.3 **Cancellation**

All Bonds which are redeemed or converted shall forthwith be cancelled.

12.4 **Early Redemption at the option of the Bondholder**

- (a) If:
 - (i) the Shares cease to be listed or admitted to trading on the HKSE or any event occurs that affects the listing status of the Issuer’s Shares; or
 - (ii) the trading in the Shares on the HKSE is withdrawn or suspended other than for a temporary suspension of trading for a period of not more than 30 consecutive Trading Days; or
 - (iii) the Issuer is in breach of any provisions contained in the Bond Documents,(each a “**Relevant Event**”) then the holder of each Bond will have the right (at such holder’s option in its absolute discretion) (but not the obligation) to require the Issuer to

redeem all or some only of such holder's Bonds at their Early Redemption Amount. To exercise such right, the holder of the relevant Bond must deposit at the specified office of the Issuer a duly completed and signed Redemption Notice, obtainable from the specified office of the Issuer, together with the Certificate evidencing the Bonds to be redeemed by not later than 60 days following the occurrence of any such event. The Issuer shall then redeem such Bonds at their Early Redemption Amount within 14 days after the date of the Redemption Notice.

13 TAXATION

- (a) All payments of principal made by or on behalf of the Issuer in respect of the Bonds shall 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, duties, assessments or governmental charges of whatever nature imposed, levied collected, withheld or assessed by or on behalf of Hong Kong or Macau or the Cayman Islands or any authority thereof or therein having power to tax (each a "**Relevant Jurisdiction**"), unless deduction or withholding of such taxes, duties, assessments or governmental charges is required by law. In such event, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no Additional Tax Amounts shall be payable in respect of any Bond, except that: (i) to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with a Relevant Jurisdiction other than the mere holding of the Bond or by the receipt of amounts in respect of the Bond; or (ii) in the case when the Certificate representing such Bond is required under these Conditions to be presented for payment, 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 of it would have been entitled to such additional amounts on surrendering the relevant Certificate for payment on the last day of such period of 30 days. For that purpose, "**Relevant Date**" in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.
- (b) References in these Conditions to principal shall be deemed also to refer to any additional amounts which may be payable under these Conditions.

14 EVENTS OF DEFAULT

14.1 Events or Circumstances Constituting Events of Default

Each of the following events or circumstances is an Event of Default for the purposes of Condition 14.2:

- (a) If the Issuer fails to make a payment, whether of principal or any amount due or otherwise, in accordance with the Bond Documents when due and the Company fails to rectify such failure within 3 Business Days from the payment due date;
- (b) Any failure by the Issuer to deliver any Conversion Shares;

- (c) If there is a default in the performance or observance by the Issuer of any covenant, undertaking, condition, obligation, representation, warranty or provision contained in the Bond Documents and on its part to be performed or observed (other than a payment obligation referred to in Condition 14.1(a) or the obligation to deliver Conversion Shares referred to in Condition 14.1(b)) and (except where such default is not capable of remedy) such default continues for 30 Business Days after the earlier of: (i) the Issuer becoming aware of its default (or evidencing its intention to default); and (ii) written notice of such default having been given by any Bondholder to the Issuer;
- (d) There has been any breach of and non-compliance with any applicable law, rules or regulations, including the Listing Rules and the Takeovers Code, by the Group Member which will result in a material adverse effect on the Group as a whole;
- (e) The Shares cease to be listed on the HKSE or are suspended from trading on the HKSE for a continuous period of 30 Trading Days due to the default of any Group Member, excluding any suspension in connection with the clearance of any announcement, circular or other documents pursuant to the Listing Rules or the Takeovers Code;
- (f) There is any cross-default by any Group Member of its other indebtedness or any Group Member 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, where the aggregate amount of the relevant indebtedness, guarantees and indemnities equals or exceeds HK\$5,000,000 or its equivalent;
- (g) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of any Group Member which is not discharged or stayed within 30 days;
- (h) Any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by any Group Member in respect of any substantial part of the property, assets or revenues of any Group Member 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);
- (i) The winding-up or dissolution, judicial management or administration of any Group Member (except for a members' voluntary solvent winding up of a subsidiary), or the cessation of all or substantially all of the business or operations of the Company or any of its Major Subsidiaries (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (a) on terms approved by the Bondholders, or (b) in the case of a Major Subsidiary, whereby the undertaking and assets of such subsidiary are transferred to or otherwise vested in the Company or another of its subsidiaries). For this purpose, "**Major Subsidiary**" means a subsidiary of the Issuer whose aggregated total assets, profits or revenue represents 10% or more under any of the percentage ratios as defined under Chapter 14 of the Listing Rules;
- (j) Any Group Member is involved in any insolvency event;
- (k) Any necessary consent, approval, authorisation, etc. required (i) to enable the Issuer lawfully to 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 Cayman Islands or Hong Kong or Macau is not taken, fulfilled or done;

- (l) 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 Bonds or for any Group Member to conduct its business as it is currently conducted or for any Group Member to conduct its business as it is currently conducted;
- (m) (a) any step is lawfully taken by any competent governmental authority with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any part of the assets of any Group Member; or (b) any Group Member is prevented by any competent governmental authority from exercising normal control over all or any part of its property, assets and turnover, and (except where such default is not capable of remedy) such default continues for 30 Business Days after the earlier of: (i) the Issuer becoming aware of its default (or evidencing its intention to default); and (ii) written notice of such default having been given by any Bondholder to the Issuer;
- (n) if the Issuer has breached any warranty or covenant in the Subscription Agreement, and (except where such default is not capable of remedy) such default continues for 30 Business Days after the earlier of: (i) the Issuer becoming aware of its default (or evidencing its intention to default); and (ii) written notice of such default having been given by any Bondholder to the Issuer;
- (o) The occurrence of any event, development or change which in the opinion of the Bondholders would materially adversely affect the business or financial prospects of the Issuer or any Group Member;
- (p) Any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the foregoing events.

14.2 **Bondholder Rights Upon Event of Default**

Upon the occurrence of an Event of Default:

- (a) (without prejudice to the right of the Bondholders to exercise the Conversion Right in respect of the Bonds in accordance with Condition 7, and without prejudice to any rights of compensation or otherwise arising from any antecedent breach) a Bondholder shall have the right to require the Issuer to redeem some or all of the Bonds held by it by delivering a Redemption Notice to the Issuer and the Issuer shall redeem such Bonds no later than 5 Business Days after receipt of such Redemption Notice at the Early Redemption Amount; and
- (b) each Bondholder shall be entitled to exercise any or all of its rights, remedies, powers or discretions under the Bond Documents.

14.3 **Acceleration**

Upon the occurrence of an Event of Default, the Bondholder may give written notice to the Issuer (with a copy to all Bondholders) declaring that the outstanding amounts in respect of all the Bonds are immediately due and repayable, in which case the Issuer shall redeem all outstanding Bonds no later than 10 Business Days at the Early Redemption Amount.

15 **MODIFICATION AND WAIVER**

15.1 Agreement in Writing

The Bonds and the Conditions may only be varied by agreement in writing between the Issuer and the Majority Bondholders.

15.2 Modification and Waiver

The Majority Bondholders may agree in writing with the Issuer to the waiver or authorisation of any breach, or proposed breach, of the Bonds. The Bonds and these Conditions may be amended without the consent of the Bondholders to correct a manifest or proven error. Any such modification, waiver or authorisation shall be binding on the Bondholders and any such modification shall be notified by the Issuer to the Bondholders as soon as practicable thereafter.

16 TRANSFER AND REGISTRATION OF BONDS

16.1 Procedure for Transfer

- (a) The Bonds are transferable at any time by execution of the form of transfer substantially in the form set forth in Annexure 1 endorsed under the hand of the transferor (or, where the transferor is a corporation, under its common seal or under the hand of a director or a duly authorised officer in writing) to any person, provided that the prior approval of the HKSE may be required for any transfer to any transferee which is a “connected person” (as defined in the Listing Rules) of the Issuer. In this Condition, a reference to “transferor” shall (where the context permits or requires) include joint transferors and be construed accordingly. If required by the applicable laws, the form of transfer shall be duly stamped (or adjudged to be not chargeable with any duty) in accordance with the applicable laws. If required by the applicable laws, the form of transfer shall be duly stamped (or adjudged to be not chargeable with any duty) in accordance with the applicable laws.
- (b) The transferor of the Bonds shall be deemed to remain the holder of the Bonds until the name of the transferee is entered in the Register as the holder thereof. Registration of a transfer of Bonds shall be effected without charge by or on behalf of the Issuer, or any registrar of the Issuer, but upon payment (or the giving of such indemnity as the Issuer, or any such registrar, may require) in respect of any tax or other governmental charges which may be imposed in relation to it.
- (c) The Certificate issued in respect of the Bond to be transferred must be delivered for registration to the Registrar accompanied by (i) a written confirmation from the transferee to the Registrar (aa) that to the best of its knowledge, information and belief, the transferee (and its ultimate beneficial owner(s) (if any)) are not connected persons of the Issuer and (bb) of the identity(ies) of its ultimate beneficial owner(s); and (ii) such other evidence as the Registrar may reasonably require to prove the title of the transferor or its right to transfer the Bond and its identity (and, if the form of transfer is executed by some other person on behalf of the transferor or in the case of the execution of a form of transfer on behalf of a corporation by its officers, the authority of that person or those persons to do so (including but not limited to any resolutions of the directors of such corporation approving the transfer)). The signature of the person effecting a transfer of a Bond shall conform to any list of duly authorised specimen signatures supplied by the holder of such Bond. A holder of the Bonds shall, upon request by the Registrar, supply to the Registrar a list of duly authorised specimen signatures and any evidence as may be required by the Registrar to prove its identity.
- (d) Each new Certificate to be issued upon a transfer of Bonds shall, within five Business

Days of receipt by the Registrar of the Certificate and form of transfer complying with the requirements of this Condition 16.1, be made available for collection at the principal place of business of the Issuer in Hong Kong (or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the transferee (but free of charge to the transferee) to the address specified in the form of transfer).

- (e) 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 or exchanged, a new Certificate in respect of the Bonds not so transferred or exchanged shall, within five Business Days of delivery of the original Certificate to the Issuer, be made available for collection at the principal place of business of the Registrar in Hong Kong (or, if so requested in the form of transfer or the Conversion Notice, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred or exchanged (but free of charge to the holder) to the address of such holder appearing on the Register).
- (f) Notwithstanding any other provisions of these Conditions, the Registrar shall register the transfer of any Bond only upon presentation of an executed and duly completed form of transfer together with any other documents required by this Condition 16.1.

16.2 Entitlement to Certificate

- (a) The executors or administrators of a deceased holder of Bonds (not being one of several joint holders) and, in the case of the death of one or more of joint holders, the survivor or survivors of such joint holders, shall be the only persons recognised by the Issuer as having any title to such Bonds.
- (b) Any person becoming entitled to Bonds in consequence of the death or bankruptcy of the holder of such Bonds may, upon producing such evidence that he holds the position in respect of which he proposes to act under this Condition 16.2 or of his title as the Issuer may reasonably require (including certificates and/or legal opinions), be registered himself as the holder of such Bonds (or, subject to this Condition 16.2, may transfer such Bonds). The Issuer may retain any amount payable upon the Bonds to which any person is so entitled until such person shall be so registered or shall duly transfer the Bonds.
- (c) Unless otherwise requested by it, a holder of Bonds shall receive one Certificate in respect of its holding.
- (d) The joint holders of a Bond shall be entitled to one Certificate only in respect of their joint holding (which shall, except where they otherwise direct, be delivered to the joint holder whose name appears first in the Register in respect of the joint holding).

16.3 Transfer and Formalities

Registration of any holding of Bonds or any transfer of Bonds shall be effected without charge by or on behalf of the Issuer. The Issuer shall not make any charge for the issue of any Certificates or for the delivery of Certificates at the specified office of the Issuer to whom the request for registration, transfer or delivery was delivered or by uninsured post to the address specified by the holder. If any holder entitled to receive a Certificate wishes to have it delivered to it otherwise than at the specified office of the Issuer, such delivery shall be made upon its written request to the Issuer, at its risk and (except where sent by uninsured post to the address specified by the holder) at its expense. Any tax or other governmental charges which may be imposed in relation to such transfer shall be payable by the person making such application for transfer.

17 PRESCRIPTION

Claims in respect of principal will become void unless made within 12 years from the relevant payment due date in respect thereof.

18 REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it shall be replaced at the principal place of business of the Issuer in Hong Kong upon payment by the claimant of any cost. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

19 MEETINGS OF BONDHOLDERS

19.1 Right to Call Meeting

The Issuer may at any time (and shall at the request in writing of persons holding not less than 10% of the principal amount of Bonds outstanding at the relevant time) convene a meeting of the Bondholders by giving not less than 14 days' notice (exclusive of the day on which the notice is given and the day on which the meeting is held) thereof to Bondholders which notice shall specify the date, time and place of the meeting and shall specify the nature of the resolutions to be proposed.

19.2 Meeting

Such meeting of Bondholders shall have the power by a resolution passed:

- (a) by a majority consisting of not less than 50% of the Bondholders voting thereat upon a show of hands; or
- (b) if a poll is demanded by the chairman of the meeting or by Bondholders holding not less than 10% of the principal amount of the Bonds for the time being outstanding, by a majority consisting of not less than 50% of the votes given on such poll,

to sanction any modification or compromise or any arrangement in respect of the rights of the Bondholders against the Issuer, the exchange of the Bonds for or the conversion of the Bonds into obligations or securities of any other company and to consent to any modification or abrogation of the provisions of the Conditions.

19.3 Resolution in Writing

A resolution signed by a majority consisting of not less than 50% of the principal amount of the Bonds for the time being outstanding shall be as valid and effectual as if it had been passed at a meeting of the Bondholders duly convened and held. All resolutions passed at any meeting or resolutions by way of written resolutions shall be binding on all Bondholders, whether or not they are present or represented at the meeting.

19.4 Poll

On a poll each Bondholder, proxy or representative will have one vote in respect of each HK\$1 of principal amount of the Bonds held or for which it is a proxy or representative. All votes shall be conducted by poll.

19.5 Conduct and Quorum

- (a) Any meeting of the Bondholders shall be convened, conducted and held in all respects as near as possible in the same way as shall be provided by the constitutional documents

for the time being of the Issuer with regard to general meetings of the Issuer, provided that:

- (i) no member of the Issuer shall be entitled to notice thereof or to attend thereat; and
 - (ii) the quorum at any such meeting shall be persons holding or representing by proxy or representative 20% or more of the principal amount of the Bonds for the time being outstanding.
- (b) In the event of any conflict between the constitutional documents of the Issuer for the time being and this Condition 19, this Condition 19 shall prevail.

19.6 Proxies

- (a) Any Bondholder shall be permitted to appoint a proxy to represent it at any meeting of Bondholders held in accordance with this Condition 19. A proxy need not be a Bondholder and need not be a member of the Issuer. Any Bondholder wishing to appoint a proxy must deliver to the principal place of business of the Issuer in Hong Kong a notice in writing signed by the Bondholder (or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation) stating that the Bondholder desires to appoint a proxy to represent the Bondholder at the meeting. The notice shall state the name of the proxy and the notice will only be valid if delivered to the Issuer prior to the time appointed for the commencement of the meeting. A validly appointed proxy shall have the right to vote on a resolution or act on behalf of the appointing Bondholder in connection with any meeting or proposed meeting. A holder of a Bond which is a corporation may by delivering to the Issuer not later than the time fixed for any meeting a resolution of its directors or other governing body in English authorise any person to act as its representative (“**representative**”) in connection with any meeting or proposed meeting of Bondholders.
- (b) A proxy or representative so appointed shall, so long as such appointment remains in force, be deemed (for all purposes in connection with any meeting or proposed meeting of Bondholders specified in such appointment) to be the holder of the Bonds to which such appointment relates and the holder of the Bond shall be deemed for such purposes not to be the holder.

19.7 Adjournments

- (a) If within three hours after the time appointed for any meeting of Bondholders a quorum as set out in Condition 19.5 is not present, the meeting shall stand adjourned to such day (not being less than 14 or more than 28 days after the date of the meeting from which such adjournment takes place) and time and place as the chairman of the meeting may determine and at the adjourned meeting the Bondholders present (whatever the principal amount of the Bonds held or represented by them) shall form a quorum. Notice of an adjourned meeting shall be given in like manner as for the original meeting and such notice shall state that the Bondholders present at such meeting, whatever their number or the principal amount of the Bonds held or represented by them, will constitute a quorum for all purposes.
- (b) The chairman of the meeting may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting which may not lawfully have been transacted at the meeting from which the adjournment took place.

- (c) Persons holding (or representing by proxy or representative) 50% or more of the principal amount of the Bonds for the time being outstanding and represented at the meeting shall be entitled to elect a chairman (who need not be a Bondholder).

20 NOTICES

20.1 Notices to Issuer

- (a) All notices to the Issuer shall be validly given if delivered in person or sent by letter or facsimile transmission addressed to the Issuer at:

Address: Unit 1, 4/F, Chai Wan Industrial City Phase II, 70 Wing Tai Road,
Chai Wan, Hong Kong

Fax: +852 2896 7533

Attention: The Board of Directors

or any substitute address in Hong Kong or fax number which the Issuer may notify to the Bondholders by not less than ten Business Days' notice.

- (b) Any communication or document made to the Issuer under or in connection with these Conditions will only be effective:
 - (i) if by way of fax, at the time of its despatch (subject to confirmation of uninterrupted transmission by the sender by a transmission report);
 - (ii) if by personal delivery by hand or courier, at the time of delivery at the address referred to in Condition 20.1(a); and
 - (iii) if by local post (other than airmail) or registered mail, at 10:00 am on the second Business Day after posting.

20.2 Notices to Bondholders

All notices to the Bondholders under or in connection with these Conditions shall be validly given if mailed to them at their respective addresses in the Register. Condition 20.1 shall apply *mutatis mutandis* to notices given by the Issuer to the Bondholders under or in connection with these Conditions.

21 LANGUAGE

These Conditions are in English. If a translation is prepared, the English version shall prevail and the translation shall be for information purposes only.

22 THIRD PARTY RIGHTS

Save for any Bondholder, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of the Conditions.

23 GOVERNING LAW AND ARBITRATION

- (a) The Bonds and any dispute or claim arising out of or in connection with them shall be governed by and construed in accordance with the laws of Hong Kong.

- (b) Any dispute, controversy, difference or claim arising out of or relating to the Bonds or these Conditions (including the existence, validity, interpretation, performance, breach or termination thereof or any dispute regarding non-contractual obligations arising out of or relating to the Bonds or these Conditions) shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Centre (the “HKIAC”) under the Hong Kong International Arbitration Centre Administered Arbitration Rules in force when the notice of arbitration is submitted. The seat of arbitration shall be Hong Kong. The number of arbitrators shall be three, of whom one shall be appointed by the claimant(s) to the dispute, one arbitrator shall be appointed by the respondent(s) to the dispute, and one arbitrator shall be appointed by the Chairman of the HKIAC. The arbitration proceedings shall be conducted, and all written decisions or correspondences shall be, in English. The prevailing party or parties in the arbitration shall be entitled to receive reimbursement of their reasonable expenses (including attorneys’ fees and translation fees) incurred in connection therewith. Notwithstanding the foregoing, the parties to the arbitration shall have the right to bring judicial proceedings to obtain preliminary injunctive relief at any time during the pendency of arbitration proceedings (provided that such preliminary injunctive relief shall be subject to final arbitral decisions).

ANNEXURE 1

FORM OF TRANSFER

SEM HOLDINGS LIMITED

澳達控股有限公司

(incorporated in the Cayman Islands with limited liability)

HK\$44,000,000

Two-year zero coupon Convertible

Bonds Due 2028 (the "Bonds")

To: SEM Holdings Limited (澳達控股有限公司) (the "Issuer")

I am/We are* the holder of HK\$_____ in aggregate principal amount of the Bonds issued by the Issuer, with Certificate number(s)_____.

References in this Transfer Form to "**Conditions**" are to the terms and conditions on which the Bonds were issued, as may have been amended from time to time. Terms defined in the Conditions shall have the same meaning in this Transfer Form, save where the context otherwise requires.

1. I/We* hereby transfer HK\$_____ of the Bonds registered in my/our* name in the register of Bondholders to:

of/whose address is at:

(the "**Transferee**")

2. I/We* hereby request(s) that a Certificate in respect of the transferred Bonds be issued to the person whose name and address are set out in paragraph 1 above and that such Certificate:

* (a) be despatched to the person whose name and address is given below and in the manner specified below:

Name : _____

Address : _____

Manner of despatch: [Registered mail/ordinary mail/courier]*

* (b) if no name and address is given in paragraph (a) above, be made available for collection at the office of the Issuer referred to for that purpose in the Conditions.

3. The Certificate in respect of the transferred Bonds is enclosed with this Transfer Form.
4. The registered account of the Transferee (being a HK\$ account) for the purposes of receipt of principal and any other amounts in respect of the Bonds is (unless otherwise instructed by the Transferee) as follows:

Name of Account : _____

Account No. : _____

SWIFT Code : _____

Name of Bank : _____

Address of Bank : _____

* *delete as appropriate*

Name of Transferor : _____

Signature of Transferor : _____

Name and Capacity of
Authorised Signatory
(if applicable) : _____

Date : _____

Name of Transferee : _____

Signature of Transferee : _____

Name and Capacity of
Authorised Signatory
(if applicable) : _____

Date : _____

Notes:

- (i) A representative of the holder should state the capacity in which he signs.
- (ii) The signature of the person effecting a transfer shall conform to any list of duly authorized specimen signatures supplied by the holder or be certified by a recognized bank, notary public, commissioner of oaths, solicitor or in such other manner as the Issuer may reasonably require.

ANNEXURE 2

FORM OF CONVERSION NOTICE

To: SEM Holdings Limited (澳達控股有限公司) (the “**Issuer**”)

In respect of the issue of the HK\$44,000,000 two-year zero coupon Convertible Bonds Due 2028 (the “**Bonds**”) issued by the Issuer pursuant to an instrument dated [*] (the “**Instrument**”) and the related terms and conditions (the “**Conditions**”), we are the holder of HK\$ _____ of the Bonds and hereby give notice of our desire to exercise the conversion right attached to the Bonds at the conversion price in accordance with the Conditions in respect of HK\$ _____ of the principal amount outstanding.

We agree to accept all the fully paid ordinary shares in the capital of the Issuer (the “**Conversion Shares**”) to be issued pursuant to this exercise of the conversion right attached to the Bonds, subject to the constitutional documents of the Issuer. We desire the Conversion Shares to be registered in our name and hereby authorise the entry of our name in the register of members of the Issuer in respect of the Conversion Shares and the despatch of the related share certificate to [*name*] at [*address*].

Signature of the holder of the Bonds:

Name:

Title:

Date:

ANNEXURE 3

FORM OF REDEMPTION NOTICE

To: SEM Holdings Limited (澳達控股有限公司) (the “**Issuer**”)

In respect of the issue of HK\$44,000,000 two-year zero coupon Convertible Bonds Due 2028 (the “**Bonds**”) issued by the Issuer pursuant to an instrument dated [*] (the “**Instrument**”) and the related terms and conditions (the “**Conditions**”), we are the holder of HK\$ _____ of the Bonds and we refer to Condition _____ to require the Issuer to redeem the Bonds in the aggregate principal amount of HK\$ _____ pursuant to that Condition and otherwise in accordance with the Conditions.

Payment should be made by:

HK\$ cheque drawn on a bank in Hong Kong and in favour of [*name of payee*] and mailed at the payee’s risk by uninsured airmail post to [*name of addressee*] at [*addressee’s address*].

OR

transfer to [*details of relevant account maintained by payee*] with [*name and address of relevant bank*].

Signature of the holder of the Bonds:

Name:

Title:

Date:

