

Dated 30th April 2024

PROSPERITY INVESTMENT HOLDINGS LIMITED
(as Issuer)

and

KWAN, WAI MING
關偉明
(as Subscriber)

SUBSCRIPTION AGREEMENT
in respect of
HK\$4,000,000 8 per cent.
convertible notes due 2026
convertible into the ordinary shares of

PROSPERITY INVESTMENT HOLDINGS LIMITED

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SCHEDULE 1 COMPLETION REQUIREMENTS

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THIS AGREEMENT is made on the 30th day of April 2024

BETWEEN:

- (1) **PROSPERITY INVESTMENT HOLDINGS LIMITED**, a company incorporated in Bermuda with registered office at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda and principal place of business in Hong Kong at Suite 305, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong and whose shares are listed on the Main Board of the Stock Exchange (Stock code: 310) (the “**Issuer**”); and
- (2) **KWAN, WAI MING (關偉明)**, holder of Hong Kong Identity Card Number D402183(6), whose address is Flat G, 38/F., Monterey Plaza, 15 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong (the “**Subscriber**”)

WHEREAS:

- (A) The Issuer was incorporated in Bermuda with limited liability. As at the date of this Agreement, the Issuer has issued a total of 121,132,020 Shares (as defined herein below). All such issued Shares are listed on the Main Board of the Stock Exchange as at the date of this Agreement.
- (B) The Company is an investment company listed under Chapter 21 of the Listing Rules (as defined herein below).
- (C) The Issuer has agreed to issue under the General Mandate (as defined herein below) to the Subscriber, and the Subscriber has agreed to subscribe for the Convertible Notes (as defined herein below) upon and subject to the terms and conditions set out in this Agreement.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. PURPOSE AND DEFINITION

- 1.1 The Schedules form an integral part of this Agreement and shall be construed and have the same full force and effect as if expressly set out in the main body of this Agreement.
- 1.2 In this Agreement (including the recitals and schedules), the words and expressions set out below shall have the meanings attributed to them below unless the context otherwise requires:

“Accounts”	the latest published audited consolidated accounts of the Group comprising balance sheet as at 31 December 2023 and profit and loss account in respect of the financial year ended 31 December 2023;
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“Agreement”	this subscription agreement (including its recitals and schedules);
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“Applicable Laws”	any law or regulation including, but not limited to, (i) any statute or regulation; (ii) any rule or practice of any relevant Authority by which the Issuer is bound or with which it is accustomed to comply; (iii) any agreement between any relevant Authorities; and (iv) any customary agreement between any relevant Authority and any party;
“Authority”	any competent regulatory, prosecuting, tax or governmental authority in any jurisdiction;
“Board” or “Board of Directors”	the board of Directors;
“Business Day”	means a day (other than a Saturday, a Sunday and a public holiday) on which banks are generally open for business in Hong Kong;
“Certificate(s)”	the certificate(s) to be issued in respect of the Convertible Notes substantially in the form set out in the Instrument;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), for the time being in force and as amended from time to time;
“Completion Date”	the date of Completion of this Agreement;
“Completion”	completion of the subscription of the Convertible Notes pursuant to Clause 4 and Schedule 1;
“Conditions”	the terms and conditions of the Convertible Notes as set out in the Instrument, and a “ Condition ” refers to the relative numbered paragraph of the Conditions;
“Conversion Price”	initially HK\$0.166 per Share and subject to adjustment pursuant to the Conditions as described in the Instrument;
“Conversion Rights”	the rights attached to the Convertible Notes to convert the same or a part thereof into Conversion Shares as referred to in the Instrument;
“Conversion Shares”	the Shares to be allotted and issued by the Issuer upon exercise by the Subscriber of the Conversion Rights attached to the Convertible Notes;
“Convertible Notes”	the 8 per cent. convertible notes in the principal amount of HK\$4,000,000 convertible into Shares to be issued by the Issuer in accordance with this

	Agreement and due on the Maturity Date, with the benefit of and subject to the terms and conditions of the Instrument;
“Directors”	directors of the Issuer;
“Disclosed”	disclosed (i) elsewhere in this Agreement (including the Schedules); (ii) in the Accounts or any previously published audited or unaudited accounts of the Company; or (iii) in the announcements, circulars, interim and/or annual reports of the Company;
“Group”	the Issuer and its Subsidiaries;
“HK Dollar(s)” or “HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Instrument”	the instrument to be executed as a deed by the Issuer constituting the Convertible Notes substantially in the form set out in Schedule 3;
“Issue Date”	the date of issue of the Convertible Notes;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as may be amended or supplemented from time to time;
“Maturity Date”	in respect of the Convertible Notes issued on the Issue Date, the date falling on the second (2 nd) anniversary of the Issue Date;
“PRC”	the People’s Republic of China, which for the purposes of this Agreement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Shares”	ordinary shares in the share capital of the Issuer, and where applicable, the term shall also include shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares and a “Share” shall refer to each and any one of such shares;
“General Mandate”	the general mandate granted to the Directors by the shareholders of the Issuer at the annual general meeting held on 31 May 2023 for the Issuer to allot and issue new Shares;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of the Convertible Notes by the Subscriber pursuant to this Agreement;
“Subsidiaries”	the subsidiaries of the Issuer for the time being and from time to time and the term “Subsidiary” shall be construed accordingly;
“Warranties”	the representations, warranties and undertakings made by the Issuer in Clause 5 and Schedule 2;
“%”	per cent.

- 1.3 Except as otherwise expressly provided, expressions defined in the Companies Ordinance as at the date hereof shall have the same meanings when used in this Agreement.
- 1.4 A reference to a statute or statutory provision includes a reference:
- (a) to that statute or provision as from time to time modified or re-enacted;
 - (b) to any repealed statute or statutory provision which it re-enacts (with or without modification); and
 - (c) to any orders, regulations, instruments or other subordinate legislation made under the relevant statute or statutory provision.
- 1.5 Unless the context otherwise requires:
- (a) words in the singular include the plural, and vice versa;
 - (b) words importing any gender include all genders; and
 - (c) a reference to a person includes a reference to a body corporate and to an unincorporated body of persons.
- 1.6 A reference to Recitals, a Clause or Schedule is to the recitals, a clause of or the schedule (as the case may be) of or to this Agreement.
- 1.7 The headings are for convenience only and do not affect interpretation of this Agreement.

2. ISSUE AND SUBSCRIPTION OF THE CONVERTIBLE NOTES

- 2.1 (i) Subject to and in accordance with the provisions of this Agreement, the Subscriber agrees to subscribe for, and the Issuer agrees to issue to the Subscriber, the Convertible Notes having an aggregate principal amount of HK\$4,000,000.

- (ii) The issue price for the Convertible Notes payable by the Subscriber to the Issuer shall be 100% of the principal amount of the Convertible Notes, i.e. HK\$4,000,000, which shall be paid by the Subscriber in cash on the Completion Date.

- 2.2 The Issuer shall at Completion execute the Instrument and issue the Convertible Notes at its full face value to the Subscriber in such denomination as the Subscriber may direct.

3. ACKNOWLEDGEMENT BY THE SUBSCRIBER

- 3.1 The Subscriber hereby confirms and acknowledges that the exercise of the Conversion Rights is conditional upon the Listing Division of the Stock Exchange granting the listing of, and permission to deal in the Conversion Shares (the “**Listing Approval**”) and there is no assurance that the Listing Approval may be granted to the Issuer, in which event no Conversion Rights may be exercised by, and no Conversion Shares may be issued to, the Subscriber.

4. COMPLETION

- 4.1 Completion shall take place immediately after the signing of this Agreement at the principal place of business in Hong Kong of the Issuer (or such other place or time as the Issuer and the Subscriber may agree in writing).
- 4.2 At the Completion, each party shall perform its respective obligations set out in Schedule 1.

5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- 5.1 The Issuer hereby represents, warrants and undertakes to the Subscriber in the terms set out in this Clause 5 and Schedule 2 as at the date hereof.
- 5.2 The Issuer acknowledges that the Subscriber is entering into this Agreement in reliance on the Warranties.
- 5.3 Each of the Warranties shall be separate, independent and without prejudice to any other Warranty to the intent that the Subscriber shall have a separate claim and right of action in respect of any breach thereof and save as expressly provided herein shall not be limited by reference to anything else in this Agreement.
- 5.4 Save for matters Disclosed, no claim by the Subscriber shall be prejudiced in consequence of any information relating to the Group which may have at any time come to the knowledge of the Subscriber or any investigation made by it. The Issuer shall not have any liabilities in respect of or arising from matters Disclosed.

- 5.5 The Issuer hereby undertakes that the rights described in this Agreement shall apply and form part of the terms and conditions of any Convertible Notes held by the Subscriber (excluding, for the avoidance of doubt, his assignees and/or transferees) from time to time.
- 5.6 The Subscriber hereby declares that the Subscriber is a “professional investor” as defined under section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance.

6. ANNOUNCEMENT

Save for announcement(s) to be made by the Issuer required by law or the Listing Rules or by the Stock Exchange or any other relevant regulatory authority (where applicable), none of the parties hereto shall make any announcement in relation to this Agreement without the consent of the other party (such consent not to be unreasonably withheld).

7. CONFIDENTIALITY

Each of the parties undertakes to the other party that unless having obtained the other party’s prior written consent, it shall not after the date of this Agreement divulge or communicate to any person other than to its professional advisers, or when required by law or any rule of any relevant stock exchange (including without limitation the Stock Exchange), or to its respective officers or employees whose province it is to know the same any confidential information concerning the business, accounts, finance or contractual arrangements or other dealings, transactions or affairs of the other which may be within or may come to its knowledge in connection with the transactions contemplated by this Agreement and it shall use its reasonable endeavours to prevent the publication or disclosure of any such confidential information concerning such matters. This restriction shall not apply to information or knowledge which is or which properly comes into the public domain, through no fault of any of the parties or to information or knowledge which is already known to any of the parties at the time of its receipt.

8. NOTICES

- 8.1 Any notice or other communication to be given under this Agreement shall be in writing but may also be given or made by facsimile or post. Any such notice or communication shall be sent to the party to whom it is addressed and must contain sufficient reference and/or particulars to render it readily identifiable with the subject matter of this Agreement. If so given by facsimile, such notice or communication shall be deemed received on the date of despatch and if so sent by post (or, if sent to an address outside of Hong Kong, so sent by air-mail) shall be deemed received ten Business Days after the date of despatch.
- 8.2 The relevant address and facsimile number of each party for the purpose of this Agreement are as follows:

Issuer : Suite 305, Shui On Centre, 6-8 Harbour Road, Wanchai,

Hong Kong
Facsimile Number : (852) 3106 3938
Attention : Board of Directors

Subscriber : Flat G, 38/F., Monterey Plaza, 15 Chong Yip Street, Kwun
Tong, Kowloon, Hong Kong
Facsimile Number : (852) 2710 9681
Attention : Mr. Kwan Wai Ming

9. COSTS AND EXPENSES

Each party shall bear its own costs and out-of-pocket expenses incurred in connection with the preparation, negotiation, arrangement and execution of this Agreement and the completion of the transactions contemplated hereunder.

10. GENERAL PROVISIONS RELATING TO AGREEMENT

- 10.1 As regards any date of period, time shall be of the essence of this Agreement.
- 10.2 This Agreement shall be binding on and shall enure for the benefit of the successors, assigns, executors and personal representatives of the parties and any persons deriving title under them but shall not be assigned by either party without the prior written consent of the other.
- 10.3 The exercise of or failure to exercise any right or remedy in respect of any breach of this Agreement shall not, save as provided herein, constitute a waiver by such party of any other right or remedy it may have in respect of that breach.
- 10.4 Any right or remedy conferred by this Agreement on any party for breach of this Agreement (including without limitation the breach of any representations and warranties) shall be in addition and without prejudice to all other rights and remedies available to it in respect of that breach.
- 10.5 Any provision of this Agreement which is capable of being performed after the Completion but which has not been performed at or before the Completion and all representations and warranties and other undertakings contained in or entered into pursuant to this Agreement shall remain in full force and effect notwithstanding the Completion.
- 10.6 No variation of this Agreement shall be effective unless made in writing and signed by both parties hereto.
- 10.7 This Agreement supersedes all and any previous agreements, arrangements or understanding among the parties relating to the matters referred to in this Agreement and all such previous agreements, arrangements or understanding (if any) shall cease and determine with effect from the date hereof.

- 10.8 If at any time any provision of this Agreement is or becomes illegal, void or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.
- 10.9 Unless expressly provided to the contrary in this Agreement, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) (the Third Parties Ordinance), to enforce or to enjoy the benefit of any term of this Agreement.

11. GOVERNING LAW AND JURISDICTION

- 11.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.
- 11.2 The courts of Hong Kong shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and accordingly any legal action or proceedings arising out of or in connection with this Agreement may be brought in such courts.
- 11.3 Each party hereby agrees that process may be served at the address for service of notices pursuant to Clause 8.


12. COUNTERPARTS

This Agreement may be executed by the parties hereto in any number of counterparts and on separate counterparts, each of which when so executed shall be deemed an original but all of which shall constitute one and the same instrument and is binding on all parties.


AS WITNESS whereof this Agreement has been duly executed on the date first above written.

ISSUER

SIGNED by
as authorised representative for
**PROSPERITY INVESTMENT
HOLDINGS LIMITED**
in the presence of:


CAROL CHUNG

)
)
)
)
)
)
)



SUBSCRIBER

SIGNED by
the Subscriber,
Kwan Wai Ming (關偉明)
in the presence of:

)
)
)
)
)
)
)

AS WITNESS whereof this Agreement has been duly executed on the date first above written.

ISSUER

SIGNED by)
as authorised representative for)
PROSPERITY INVESTMENT)
HOLDINGS LIMITED)
in the presence of:)
)

SUBSCRIBER

SIGNED by)
KWAN WAI MING (關偉明))
in the presence of:)

LI HONG WAH HERMAN
Herman Li



SCHEDULE 1

COMPLETION REQUIREMENTS

1. OBLIGATIONS OF ISSUER

The Issuer shall deliver to the Subscriber:

- (a) unless previously supplied, a certified copy of the board resolutions of the Issuer approving and authorising all transactions contemplated herein, the execution and performance of this Agreement, the issue and delivery of the Convertible Notes and the Certificate(s) to the Subscriber;
- (b) a certified copy of the Instrument duly executed as a deed by the Issuer; and
- (c) the Certificates for the Convertible Notes duly issued in favour of the Subscriber in such domination as the Subscriber may direct pursuant to Clause 2.2.

2. OBLIGATIONS OF SUBSCRIBER

The Subscriber shall pay to the Issuer the issue price for the Convertible Notes by cash pursuant to Clause 2.1(ii) of this Agreement by CHATS to the following bank account or cashier order(s) in favour of the Issuer or other means acceptable to the Issuer:

Bank name:	Bank of China (Hong Kong) Limited
Bank branch:	Connaught Road Central Branch
Bank address:	1/F, 13 – 14 Connaught Road Central, Hong Kong
SWIFT code:	BKCHHKHHXXX
Beneficiary's account name:	Prosperity Investment Holdings Limited
Account number:	012-595-00046250
Beneficiary's address:	Suite 305, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong

SCHEDULE 2

WARRANTIES

Save as Disclosed, as at the date hereof and up to and including the Completion Date:

1. Save that the Shares have been suspended for trading on the Stock Exchange since 2 April 2024, the entire existing issued share capital of the Issuer is listed on the Stock Exchange. The Conversion Shares will be, if and when issued, duly listed on the Stock Exchange.
2. The Issuer has the requisite authority, power and right to enter into and perform its obligations under this Agreement.
3. This Agreement has been duly authorised, executed and delivered by the Issuer.
4. This Agreement constitutes and any other documents required to be executed by the Issuer pursuant to the provisions of or in connection with this Agreement will, when executed, constitute legal, valid and binding obligations of the Issuer and enforceable against the Issuer in accordance with its terms.
5. The Issuer has full power and authority to issue the Convertible Notes and perform its obligations thereunder.
6. All necessary consents, authorisations and approvals of and all necessary registrations and filings with any governmental or regulatory agency or body required in Bermuda and Hong Kong for or in connection with this Agreement and the Convertible Notes and the performance of the terms thereof have been obtained or made or will have been obtained or made prior to the Completion.
7. The Convertible Notes have been duly authorised by the Issuer and, upon the issue of the Convertible Notes and the execution of the Certificates by the Issuer and delivery of the same, the Convertible Notes and the Certificate will constitute the legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with its terms.
8. The execution and delivery of, and the performance by the Issuer of its obligations under this Agreement will not:
 - (a) result in a breach of any provision of the bye-laws of the Issuer;
 - (b) result in a breach of, or constitute a default under, any instrument to which the Issuer is party or by which the Issuer, its Subsidiaries or assets are bound; or
 - (c) result in a breach of any order, judgment or decree of any court or governmental agency to which the Issuer or any of its Subsidiaries is a party or by which the Issuer, its Subsidiaries or assets are bound.

9. Each member of the Group is duly incorporated, validly existing under the laws of its place of incorporation with power to own its respective assets and to conduct its business in the manner presently conducted.
10. The particulars relating to the share capital of the Issuer in Recital (A) of this Agreement are correct and accurate.
11. The Conversion Shares, when allotted, issued and delivered by the Issuer in the manner contemplated by the Instrument, will:
 - (a) be duly and validly allotted and issued, fully-paid and non-assessable;
 - (b) be entitled to all dividends and other distributions declared, paid or made by the Issuer;
 - (c) rank pari passu with and, carry the same rights, privileges and limitations (as specified in the constitutional documents of the Company) in all aspects as, the other Shares then outstanding; and
 - (d) be freely transferable, free and clear of all liens, encumbrances, security interests or claims of third parties and will not be subject to any pre-emptive or similar rights or calls for further payments.
12. The Convertible Notes (when issued) will constitute direct, unconditional, secured and unsubordinated obligations of the Issuer and will at all times rank pari passu without any preference among themselves and with all other present and future unconditional, secured and unsubordinated obligations of the Issuer other than those preferred by statute or applicable law.
13. Save as already disclosed by the Issuer to the public, there is no option, warrant, right to acquire or subscribe on, over or affecting any unissued Shares or, so far as the Directors are aware, any issued Shares and there is no agreement or commitment to give or create any and no claim has been made by any person to be entitled to any.
14. All information (if any) supplied or disclosed by or on behalf of the Issuer to the Subscriber or any of its advisers for the purpose of this Agreement and the transactions contemplated hereunder is true and accurate in all material respects and not misleading.
15. There is no claim, litigation, arbitration, prosecution or other legal proceedings or investigation or enquiry in progress, or order, decree or judgment of any court or governmental agency or legal or regulatory body or police outstanding against or affecting the any member of the Group or any of their respective directors or employees which is of a material nature.
16. All information in relation to the Group available on the website of the Stock Exchange and the Group is true and accurate in all material respects and not misleading in any material respect.

17. The Issuer has complied with all Applicable Laws and the applicable requirements of the Listing Rules in connection with the issue and sale of the Convertible Notes.
18. Save as set out in the Instrument, there are no restrictions on transfer of the Convertible Notes or the voting or transfer of any of the Conversion Shares or payments of dividends with respect to the Conversion Shares pursuant to the Issuer's constitutional documents, or pursuant to any agreement or other instrument to which the Issuer is a party or by which it may be bound.
19. So far as the Issuer is aware, the Issuer or any member of the Group has at all times carried on its business in compliance with all applicable laws and regulations. So far as the Issuer is aware, the Issuer or any member of the Group is not in breach in any material respect of any material contracts by which it is bound.

SCHEDULE 3

FORM OF THE INSTRUMENT

Dated 30 April 2024

PROSPERITY INVESTMENT HOLDINGS LIMITED

INSTRUMENT
constituting
8% COUPON CONVERTIBLE NOTES
IN THE PRINCIPAL AMOUNT OF HK\$4,000,000 DUE 2026 OF
PROSPERITY INVESTMENT HOLDINGS LIMITED

THIS INSTRUMENT is made by way of deed poll on 30 April 2024

BY:-

PROSPERITY INVESTMENT HOLDINGS LIMITED, a company incorporated in Bermuda with registered office at Clarendon House, Church Street, Hamilton HM 11, Bermuda and principal place of business in Hong Kong at Suite 305, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong (the “**Company**”)

WHEREAS pursuant to a resolution of the Directors passed on 30 April 2024 and pursuant to a general mandate granted by the Shareholders to the Directors on 31 May 2023, the Company has resolved to create and issue the Convertible Notes on the terms hereof.

I. INTERPRETATION

(A) In this Instrument and the Certificate, the following words and expressions shall have the following meanings except where the context otherwise requires:

“Business Day”	a day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business;
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“Certificate”	the certificate to be issued in respect of the Convertible Note in the form set out in Schedule 1;
“Closing Price”	in respect of a Share on any Trading Day shall be the closing price published in the Daily Quotation Sheet published by the Stock Exchange;
“Conditions”	the terms and conditions of the Convertible Notes set out in the paragraph headed “ Conditions ” below and “ Condition ” refers to the relative numbered paragraph thereof;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Conversion Date”	a date on which a conversion notice is given pursuant to Condition 7.1 in respect of the exercise of the Conversion Rights in accordance with the Conditions;
“Conversion Price”	initially HK\$0.166 per Share, subject to adjustments pursuant to the Conditions;
“Conversion Period”	the period commencing from the first Business Day following the date of the Listing Approval up to and including the date falling on the seventh (7th) day immediately prior to the Maturity Date;

Notes;

“Restricted Holder”	means a Noteholder who is a resident or national of any jurisdiction other than Hong Kong under the laws and regulations of which, in the opinion of the Directors, an exercise of the Conversion Rights by such Noteholder or the performance by the Company of the obligations expressed to be assumed by it under the Conditions or the allotment and issue and holding of the Conversion Shares cannot be carried out lawfully or cannot be carried out lawfully without the Company first having to take certain actions in such jurisdiction;
“SFC”	Securities and Futures Commission of Hong Kong;
“Shareholders”	holders of Shares;
“Shares”	shares of HK\$0.001 each in the share capital of the Company existing on the date of this Instrument and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) shares or stock resulting from any sub-division, consolidation or re-classification thereof and the expression “Share” shall be construed accordingly;
“Special Resolution”	has the meaning set out in paragraph 16 of Schedule 2;
“Specified Office”	in relation to the Registrar, either the office identified with its name at the end of the Conditions or any other office notified to the Noteholders pursuant to Condition 2.5, or in relation to the Company, the head office and principal place of business of the Company in Hong Kong for the time being which as at the date of this Instrument is located at Suite 305, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong or any other office notified to the Noteholders pursuant to Condition 14;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	KWAN, WAI MING (關偉明), holder of Hong Kong Identity Card Number D402183(6), whose address is Flat G, 38/F., Monterey Plaza, 15 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong
“Subscription Agreement”	means the subscription agreement dated 30 April 2024 entered into between the Company and the Subscriber for the issue of the Convertible Notes;
“Takeovers Code”	The Codes on Takeovers and Mergers and Share

B is: the rate of four percent (4%) per annum

C is: the number of days from the Issue Date until (but excluding) the Maturity Date (for redemption under Condition 1.1) or the date for redemption pursuant to the relevant notice issued by the Company (for early redemption under Clause 4.1) or the notice issued by the relevant Noteholder (for redemption under Condition 10) divided by 360 days.

2. Status and transfer

2.1 The obligations of the Company arising under the Convertible Note constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Company and rank, and shall rank, equally among themselves and pari passu and rateably without any preference among themselves, and with all other present and future, unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law. Each Convertible Note is issued subject to the terms of the Conditions and in registered form. The Certificate as referred to in Schedule 1 hereto shall be issued to the Noteholders in accordance with the Conditions hereof.

2.2 No application will be made for a listing of the Convertible Notes on any stock exchange.

2.3 The Noteholder shall (except as otherwise required by law) be treated as absolute owner of the Convertible Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Noteholder.

2.4 The Convertible Note or any part(s) thereof may be assigned or transferred to any third party, subject only to compliance of Conditions 2.5 and 2.6 and further subject to the conditions, approvals, requirements and any other provisions of or under:

(a) the Stock Exchange or their rules and regulations; and

(b) all applicable laws and regulations,

provided that the Convertible Note (or any part thereof) shall not be assigned or transferred to a connected person of the Company without prior written consent of the Company.

2.5 Any assignment or transfer of the Convertible Note shall be in respect of the whole or any part (in the minimum amount of HK\$20,000 or whole multiple thereof) of its outstanding principal amount. Title to the Convertible Note passes only on registration on the Register (as defined below) and only the registered holder is entitled to payment on the Convertible Note in respect of which the Certificate is issued. The Company shall use all reasonable endeavours to facilitate any such assignment or transfer of the

3. Interest

- 3.1 Subject to Condition 4.4, a Convertible Note bears interest from the Issue Date at the rate of eight per cent. (8%) per annum on the principal amount of the Convertible Note outstanding from time to time. The interest shall, subject as provided herein, be payable by the Company in arrears on a semi-annual basis on the 180th day and 360th day after the Issue Date.
- 3.2 Interest shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed and a 360-day year and rounded down to the nearest cent.
- 3.3 Upon issue of the Conversion Shares to the Noteholder pursuant to the conversion of principal amount of the relevant Convertible Note in accordance with Condition 5, the right of the Noteholder to repayment of the principal amount of the Convertible Note converted shall be fully and absolutely extinguished and released but the Noteholder shall still be entitled to interest in respect of the principal amount being converted up to and including the Conversion Date concerned.

4. Early Redemption and other payments by the Company

- 4.1 At any time commencing from the first anniversary of the Issue Date and prior to the Maturity Date, the Company may, by giving to a Noteholder not less than three (3) Business Days' written notice of its intention to make such redemption, redeem its Convertible Note in whole or in part (if in part, in the minimum amount of HK\$20,000 or an integral multiple thereof) at the principal amount thereof plus interest accrued thereon (but not yet paid) pursuant to Condition 3 up to the actual date of redemption and the applicable Redemption Premium. Such notice once given shall be irrevocable and shall oblige the Company to make the redemption in such amount and on such date as stated in the notice. Any Convertible Note so redeemed will forthwith be cancelled by the Company. Save as provided in Condition 10 and in this Condition 4, the Noteholders shall not have the right to request the Company to redeem any Convertible Note at any time prior to the Maturity Date.
- 4.2 All payments by the Company hereunder shall be made in Hong Kong dollars in immediately available funds free and clear of any withholdings or deductions for any present or future taxes, imposts, levies, duties or other charges. In the event that the Company is required by law to make any such deduction or withholding from any amount paid, the Company shall pay to the Noteholder such additional amount as shall be necessary so that the Noteholder continues to receive a net amount equal to the full amount which it would have received if such withholding or deduction had not been made.
- 4.3 All payments by the Company shall be made not later than 11:00 am (Hong Kong time) on the due date by remittance to such registered account of the Noteholder in Hong Kong or by HK\$ cheque drawn on a licensed bank in Hong Kong mailed by registered mail to the registered address of the Noteholder (if it does not have a registered account) as the Noteholder may notify the Company in writing from time to time. For the purpose of this Condition, a Noteholder's registered account means the Hong Kong dollar account maintained by or on behalf of it with a bank in Hong Kong, details of which appear on the register of Noteholders at the close of business on the

Convertible Note has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events described in Condition 10 or (c) the Convertible Note is not redeemed on the Maturity Date in accordance with Condition 1 or pursuant to a notice given by the Company under Condition 4.1, without prejudice to the Noteholder's right to receive interest pursuant to these Conditions, the Conversion Right attaching to such Convertible Note will revive and/or will continue to be exercisable up to, and including, the close of business on the date upon which the full amount of the moneys (both principal and interest) payable in respect of the Convertible Note has been duly received by the Noteholder.

6. Conversion Shares

No fraction of a Share shall be issued on conversion and no cash adjustments will be made in respect thereof. The Conversion Shares once issued shall rank *pari passu* in all respects with all other existing Shares at the date of the conversion notice and be free from any security interest, claims (including pre-emptive rights), liens or encumbrances, and if any payment of dividends or other distributions in relation to Shares the record date of which is on or after the date of the conversion notice but before the issue of such Shares, the Company shall pay to the Noteholder an amount equal to such dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make such payment at the same time as it makes payment of the dividend or other distribution.

7. Procedure for Conversion

- 7.1 The Conversion Rights may, subject as provided herein, be exercised on any Business Day during the Conversion Period by the Noteholder giving written notice to the Company in accordance with Condition 14 stating the intention of the Noteholder to convert into Shares specifying the principal amount of the Convertible Note to which such notice relates together with the original of the Certificate. Any such conversion notice ("**Conversion Notice**") shall be in the form set out in Annexure II of this Instrument.
- 7.2 The Company shall be responsible for payment of all taxes and stamp duty, issue and registration duties (if any) and expenses arising on any conversion. A conversion notice once delivered shall be irrevocable.
- 7.3 The Conversion Shares shall be allotted and issued by the Company, credited as fully paid to the Noteholder or as it may specify in the conversion notice, within five (5) Business Days after, and with effect from, the later of the Conversion Date or the date on which the Certificate for the Convertible Note is delivered to the Company.
- 7.4 The certificate(s) for the Conversion Shares to which the Noteholder or such person as the Noteholder may direct shall become entitled in consequence of any conversion shall, if the Noteholder so requests in the conversion notice, be deposited in the CCASS participant's stock account set out in the conversion notice or in the absence of such request by the Noteholder, shall be issued in board lots to the extent possible, with one certificate for any odd lot of Shares arising from conversion and made available for collection at the Company's address specified in Condition 14, in each case, within the five (5) Business Day period provided for in Condition 7.3 above,

persons), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

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

where:

- A is the number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein would purchase at such Current Market Price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the grant.

Such adjustment shall become effective (if appropriate, retroactively) from the day following the record date for the issue or grant. For the avoidance of doubt, no adjustment shall take effect in accordance with this paragraph (b) should such issue or grant fail to become effective.

(c) Issues at less than Current Market Price:

If and whenever the Company shall:

- (i) issue (otherwise than as mentioned in sub-paragraph (b) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares); or
- (ii) issue or grant (otherwise than as mentioned in sub-paragraph (b) above) options, warrants or other rights to subscribe for or purchase Shares,

in each case at a price per Share which is less than 80% of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

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

where:

any such redesignation would purchase at such Current Market Price per Share; and

- C is the maximum number of Shares to be issued upon conversion into or exchange of such securities or upon the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate or the Shares to be issued or to arise from any such redesignation.

Such adjustment shall become effective (if appropriate, retroactively) from the close of business on the Business Day immediately preceding the date on which the issuer of the relevant securities determines the conversion or exchange rate or subscription price in respect of such securities or, to the extent that the relevant issue is announced (whether or not subject to the approval of holders of Shares or other persons) and the date of such announcement is earlier than the said date, the Business Day immediately preceding the date of such announcement.

(e) 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 sub-paragraph (d) above so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 80% of the Current Market Price on the last Trading Day immediately preceding the date of announcement of the proposals for such modification or (if there is no such announcement) the date of such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by the following fraction:

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

where:

- A is the number of Shares in issue immediately before such modification;
- B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued upon conversion or exchange, or upon exercise of the right of subscription attached to the securities so modified, would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange or subscription price; and
- C is the maximum number of Shares to be issued upon conversion or exchange of such securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as the

rights of subscription as at the date of announcement of the terms of issue of such securities (as determined in good faith by Approved Financial Advisor),

plus in the case of each of (i) and (ii) above, the additional minimum consideration (if any) to be received by the Company upon the conversion or exchange of such securities, or upon the exercise of such rights of subscription attached thereto (the consideration in all such cases to be determined subject to the proviso in Condition 8.2(a)); and

- (iii) if any part of the consideration referred to in (i) or (ii) above is expressed in a currency other than Hong Kong dollars, the same shall be converted at such rate of exchange as may be determined in good faith by Approved Financial Advisor to be the spot rate ruling at the close of business on the date of the issue of such securities.

- 8.3 Where more than one event which gives, or may give, rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of the Auditors or Approved Financial Advisor (acting as expert) 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 provisions of Conditions 8.1 and 8.2 as may be advised by the Auditors or Approved Financial Advisor (acting as expert) to be in their opinion appropriate in order to give such intended result.
- 8.4 The provisions of sub-paragraphs (b), (c), (d) and (f) of Condition 8.1 shall not apply to:
- (i) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon exercise of any rights to acquire Shares (except a rights issue) provided that either no adjustment is required or an adjustment has been made under Condition 8.1 in respect of the issue of such securities or granting of such rights (as the case may be);
 - (ii) an issue of fully paid Shares upon the exercise of the conversion rights attached to any Convertible Notes; or
 - (iii) an issue of Shares or other securities of the Company wholly or partly convertible into, or rights to acquire, Shares to officers or employees of the Company pursuant to any of the share option scheme of the Company.
- 8.5 Any adjustment to the Conversion Price shall not involve an increase in the Conversion Price (except upon any consolidation of the Shares pursuant to Condition 8.1(a)). The Conversion Price shall not be reduced below the par value of each Share. If an adjustment is not made to the Conversion Price because it would reduce it below the then par value of each Share and such par value is subsequently reduced then any adjustment not previously made shall be immediately made to the Conversion Price on such reduction in par value but only to the extent that such adjustment will not reduce the Conversion Price below the newly reduced par value. Where an adjustment would reduce the Conversion Price to below the par value of

“announcement” shall include the release of an announcement to the press or the delivery or transmission by telephone, facsimile, electronic means or otherwise of an announcement to the Stock Exchange and **“date of announcement”** shall mean the date on which the announcement is first released, delivered or transmitted;

“Approved Financial Advisor” means an independent financial advisor of repute and having a place of business in Hong Kong selected by the Company;

“Auditors” means the auditors for the time being and from time to time of the Company;

“Current Market Price” while the Shares are listed on the Stock Exchange, means in respect of a Share at a particular date the average of the closing price (as shown in the daily quotation sheets or similar summaries issued by the Stock Exchange) for one Share for the five consecutive Trading Days ending on and inclusive of the Trading Day immediately preceding such date; provided that if at any time during the said five Trading Days the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (i) if the Shares to be issued or purchased do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share; and
- (ii) if the Shares to be issued or purchased rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the amount of that dividend per Share;

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

“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 the Auditors or Approved Financial Advisor, provided that (i) 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; (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by the Auditors or Approved Financial Advisor) 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;

“issue” shall include allot;

- (c) the Company shall pay all fees, capital and stamp duties payable, if any, in respect of the issue of Shares upon conversion of all or part of the Convertible Note;
- (d) as soon as possible, and in any event not later than seven Business Days after the announcement of the full terms of any event which gives rise to adjustments pursuant to Condition 8, the Company shall give notice to the Noteholder advising it of the date on which the relevant adjustment of the Conversion Price is likely to become effective and of the effect of exercising the Conversion Rights pending such date;
- (e) the Company shall comply with and procure the compliance of any conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for approval of the issue of the Convertible Note or for the listing of and permission to deal in the Conversion Shares and Shares issued or to be issued from time to time;
- (f) the Company shall not make any reduction or redemption of share capital, share premium account or capital redemption reserve involving any repayment to its Shareholder(s) whether in cash or in specie or reduce any uncalled liability in respect thereof;
- (g) the Company shall procure that, without the consent of a Special Resolution the Company shall not in any way modify the rights attaching to the Shares or the Conversion Shares or attach any special restrictions thereto or create or issue or permit to be in issue any other class of equity share capital other than Shares provided that nothing in this paragraph shall prevent any consolidation or sub-division of the Shares;
- (h) the Company shall have Shares of such par value so as to ensure that any conversion of the Convertible Note for Shares would not constitute a subscription for the Shares at an amount less than the par value of the Shares;
- (i) the Company shall obtain and promptly renew (if appropriate) from time to time, all such authorisations, approvals, consents, licences and exemptions as may be required under any applicable law or regulation to enable it to perform its obligations under this Instrument and the Convertible Note or which are required for the validity or enforceability of this Instrument and the Convertible Note;
- (j) the Company shall procure that at no time shall there be in issue Shares of differing nominal values other than arising from any consolidation or sub-division of the Shares; and
- (k) upon resumption of trading in the issued Shares following the suspension of trading thereof on the Stock Exchange since 2 April 2024 (the “**Suspension**”), the Company shall use its best endeavours (i) to maintain a listing for all the issued Shares on the Stock Exchange; and (ii) to obtain and maintain a listing on the Stock Exchange for all the Conversion Shares issued on the exercise of

- (i) ceases; or
 - (ii) (other than the Suspension) is suspended for a continuous period of sixty (60) Trading Days; or
- (d) any amounts of principal repayment or interest payment in relation to borrowings of the Company are not paid when due, or as the case may be, within any applicable grace period and the relevant creditor notifies the Company that such non-payment constitutes an event of default under the terms of relevant facility; or
- (e) save pursuant to a voluntary winding up, an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company and is not discharged, paid out, withdrawn or remedied within thirty (30) Business Days; or
- (f) the Company becomes insolvent or is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or (save pursuant to any voluntary winding up of any of its subsidiaries) the whole or any material part of the undertaking, property, assets or revenues of the Company or enters into a general arrangement or composition with or for the benefit of its creditors; or
- (g) if it shall become unlawful for the Company to perform all or any of its obligations under the Conditions or the Convertible Note, or the Conditions or the Convertible Note shall for any reason cease to be in full force or effect or shall be declared to be void or illegal or be repudiated or the legality, validity, priority, admissibility in evidence or enforceability thereof shall be contested by the Company or the Company shall deny that it has any, or any further, liability or obligation under or in respect of the same;
- (h) if any of the following events shall occur to the Company:
 - (i) the filing of a petition in any bankruptcy, reorganisation, winding-up or liquidation proceeding or other proceedings analogous in purpose or effect and any such petition is not discharged within thirty (30) days; or
 - (ii) the appointment of a receiver or trustee for the bankruptcy, reorganisation, winding-up or liquidation of any assets or properties of the Company (save pursuant to any voluntary winding up of any of its subsidiaries) and such appointment is not discharged within thirty (30) days; or
 - (iii) the entry of any court order or judgement confirming the bankruptcy or insolvency of the Company; or
 - (iv) any order is made or an effective resolution passed for the winding-up, liquidation, dissolution of the Company or the taking of any corporate action to authorise or give effect to any of the foregoing; or
- (i) the Company ceases or threatens to cease to carry on all or substantially all of its business or operation; or

- 13.2 The Company shall obtain and promptly renew (if appropriate) from time to time, and shall promptly furnish certified copies to the Noteholder of, all such authorisations, approvals, consents, licences and exemptions as may be required under any applicable law or regulation to enable it to perform its obligations under the Convertible Note or required for the validity or enforceability of the Convertible Note.
- 13.3 For so long as any part of the principal amount of any Convertible Note remains outstanding, the Company shall comply in full with the terms and conditions of the Convertible Note and shall not take any action which shall or might cause a breach or default thereof.

14. Notices

Any notice required or permitted to be given to the Company shall be addressed to Company Secretary at the principal place of business of the Company for the time being in Hong Kong and such notice shall be deemed to be delivered: (a) if given or made by letter and delivered by hand or courier when actually delivered to the relevant address; or (b) if given or sent by registered mail, on the date which is two (2) Business Days (in the case of mail sent to a local address) or five (5) Business Days (in the case of mail sent to an overseas address) after the posting thereof.

15. Amendment

- 15.1 Any modification to this Instrument may be effected only by deed poll, executed by the Company and expressed to be supplemental hereto, and (save for minor amendments by the Company certified either by the Auditors or an Approved Financial Advisor to be amendments which shall not adversely affect the rights of the Noteholders under the Instrument) only if it shall first have been sanctioned by Special Resolution of the Noteholders.
- 15.2 A memorandum of every such supplemental deed shall be endorsed on this Instrument.
- 15.3 Notice of every modification to this Instrument shall be given in writing to the Noteholders as soon as reasonably practicable.

16. Meetings of Noteholders

- 16.1 The Company hereby acknowledges and covenants that the benefit of the covenants, obligations and conditions on the part of or binding upon it contained in this Instrument shall enure to each and every Noteholder.
- 16.2 Each Noteholder shall be entitled severally to enforce the said covenants, obligations and conditions against the Company insofar as each such Noteholder's Convertible Notes are concerned, without the need to join the allottee of any such Convertible Note or any intervening or other Noteholders in the proceedings for such enforcement.

EXECUTION

**THE COMMON SEAL of
PROSPERITY INVESTMENT
HOLDINGS LIMITED**

is affixed in accordance with
its bye-laws in the presence of:

)
)
)
)
)

.....
Signature of authorised person

DIRECTOR

.....
Office held

LAU TOM KO YUEN

.....
Name of authorised person (block letters)

)

)
) Signature of authorised person

) COMPANY SECRETARY

)
) Office held

) WAN TAT KAY DOMINIC SAVIO

)
) Name of authorised person (block letters)

(For endorsement in the event of partial conversion/ transfer)

<u>Date</u>	<u>Amount transferred</u>	<u>Amount Converted</u>	<u>Amount Outstanding</u>
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Registrar and its Specified Office:
Prosperity Investment Holdings Limited
Suite 305, Shui On Centre
6 – 8 Harbour Road
Wanchai
Hong Kong

quorum required at such adjourned meeting. It shall not, however, otherwise be necessary to give any notice of an adjourned meeting.

8. Every question submitted to a meeting shall be decided by way of poll. The chairman shall not have any casting vote in addition to the vote or votes (if any) which he may have as a Noteholder or as a proxy or representative.
9. Any poll at any meeting on the election of a chairman or on any question of adjournment shall be taken at the meeting without adjournment.
10. The Company (through its representatives) and financial and legal advisers may attend and speak at any meeting of Noteholders. No one else may attend at any meeting of Noteholders or join with others in requesting the convening of such a meeting unless he is the holder of a Convertible Note or is a proxy or a representative.
11. At any meeting every Noteholder who is present in person or by proxy or representative shall have one vote in respect of each HK\$20,000 in principal amount of the Convertible Notes it held (whether under one or more Certificates) or in respect of which he is a proxy or a representative. Any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.
12. A Noteholder is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Noteholder.
13. A meeting of Noteholders shall, subject to the Conditions, in addition to the powers given above, but without prejudice to any powers conferred on other persons by this Instrument, have power exercisable by Special Resolution (excluding those matters specifically provided in Condition 14 hereinafter or any matter having the effect of amending or varying any of such matters):
 - (a) to sanction any proposal by the Company for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Company or against any of its property whether such rights shall arise under this Instrument or otherwise;
 - (b) to sanction any scheme or proposal for the exchange, substitution or sale of the Convertible Notes for, or the cancellation of the Convertible Notes in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Company or any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;
 - (c) to assent to any modification of this Instrument or the Convertible Notes which shall be proposed by the Company;

not present at such meeting and whether or not they vote in favour, and each of the Noteholders shall be bound to give effect to it accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of such resolution justify the passing of it.

16. The expression “**Special Resolution**” means a resolution passed at a meeting of Noteholders duly convened and held in accordance with these provisions by the Noteholders holding in aggregate not less than 90% of the aggregate principal amount of the Convertible Notes then outstanding. A written resolution signed by or on behalf of a holder or the holders of not less than 90 per cent. of the aggregate principal amount of Convertible Notes outstanding shall be as valid and effective as a duly passed Special Resolution.
17. The expression “**Ordinary Resolution**” means a resolution passed at a meeting of Noteholders duly convened and held in accordance with these provisions by a majority consisting of not less than half of the votes cast. A written resolution signed by or on behalf of a holder or the holders of not less than 50 per cent. of the aggregate principal amount of Convertible Notes outstanding shall be as valid and effective as a duly passed Ordinary Resolution.
18. Minutes of all resolutions and proceedings at every such meeting shall be made and entered in the books to be from time to time provided for that purpose by the Company and any such minutes, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings transacted or by the chairman of the next succeeding meeting of Noteholders, shall be conclusive evidence of the matters contained in them and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

6. The Certificate in respect of the transferred Note (as referred to in paragraph 3 above) is enclosed with this Transfer Form.
7. We hereby request that a certificate in respect of the face value of the Note to be retained by me/us as set out in paragraph 4 above be issued to me/us

and that such certificate:

* (a) be despatched by registered mail to me/us at the address given below:

Address :

* (b) if no address is given above, then such certificate will be made available for collection at the principal place of business of the Company in Hong Kong for the time being.

8. The registered account of the Transferee (being a HK\$ account) for the purposes of receipt of any amounts in respect of the Note is (unless otherwise instructed by the Transferee) as follows:

Name of Account :

Account No :

Sort Code :

Name of Bank :

Address of Bank :

* *delete as appropriate
complete if only transferring part of the Note of which the transferring Noteholder is the holder, otherwise delete.*

Name of Transferor :

Signature of Transferor :

Date :

Name of Transferee :

Signature of Transferee :

Date :

*I/We hereby request that the share certificate(s) in respect of the Conversion Shares (as referred to above) be issued to the person(s) whose name(s) and address(es) are set out above and that such share certificate(s):

- * (a) be despatched by registered mail to the person whose name and address are given below and in the manner specified below:

Name :

Address :

- * (b) if no name and address are given in (a) above, be made available for collection at the principal place of business of the Company in Hong Kong for the time being.

*I/We hereby request that the Conversion Shares (as referred to above) be credited to the following CCASS participant's stock account:

to insert details of account

* *delete as appropriate*

End of Form of conversion notice