

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;

“**HK\$**” 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 22 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 “**HKCIAC**”) 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

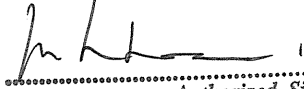
- 8.1 No event has occurred as a result of which any material outstanding indebtedness of any member of the Group has become or will become payable or repayable prior to its maturity date, nor has any demand being made for such indebtedness to be paid or repaid.

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: 梁美鋒
Title:

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)**

