**DATE: 26 MAY 2026**

**BIOSYSEN LIMITED**
(生物系統工程有限公司)
*(the Company)*

**and**

**OSIBAO COSMETICS INTERNATIONAL LIMITED**
*(the Subscriber)*

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**SUBSCRIPTION AND SETTLEMENT AGREEMENT**
**relating to**
**HK$50,000,000 5-year zero coupon**
**unsecured redeemable convertible bonds**
**issued by**
**BIOSYSEN LIMITED**

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**THIS AGREEMENT** is made on 26 May 2026.

**BETWEEN**

1. **BIOSYSEN LIMITED (生物系統工程有限公司)** (formerly known as "Legend Strategy International Holdings Group Company Limited 朸濬國際集團控股有限公司"), an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange with stock code: 1355, whose registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands (the "**Company**"); and

2. **OSIBAO COSMETICS INTERNATIONAL LIMITED (奧斯寶化妝品國際有限公司)**, a company incorporated in Hong Kong with limited liability whose registered address is at Room 1201-02, Jubilee Centre, 18 Fenwick Road, Wanchai, Hong Kong (the "**Subscriber**").

(The Company and the Subscriber together the "**Parties**" and each a "**Party**")

**WHEREAS:**

(A) The Company has at the date of this Agreement 1,193,065,160 Shares in issue, all being fully paid up or credited as fully paid up.

(B) The Subscriber is indirectly wholly-owned by Mr. Cheung Ching Mo, a non-executive director of the Company. As at the date of this Agreement, the Subscriber is (i) interested in 345,929,020 Shares, representing approximately 28.99% of the issued share capital of the Company; and (ii) a substantial Shareholder (as defined under the Listing Rules) and the single largest Shareholder.

(C) The Subscriber has provided the Company with an unsecured and interest-free loan facility in a principal amount of up to HK$150,000,000. Based on the management accounts of the Company as at 30 April 2026, the aggregate amount outstanding under such facility is approximately HK$50,569,000 (the "**Shareholder's Loan**"). The Shareholder's Loan is repayable on demand.

(D) Following arm's length negotiations, the Parties have agreed to a partial settlement of the Shareholder's Loan in the amount of HK$50,000,000 (the "**Set-Off Loan**") by way of set-off against the subscription price for the Convertible Bonds, which shall be deemed satisfied in full upon Completion.

(E) The Company and the Subscriber have agreed to enter into this formal Agreement whereby the Company has agreed to offer for subscription, and the Subscriber has agreed to subscribe for the Convertible Bonds upon the terms and subject to the conditions set out in this Agreement.

**NOW IT IS HEREBY AGREED** as follows:

## 1. DEFINITIONS

1.1. In this Agreement (including the recitals) the following expressions shall (except where the context otherwise requires) have the respective meanings set out below:

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| **"Accounts"** | the latest published audited consolidated statement of financial position of the Company as at the Accounts Date and a consolidated statement of profit or loss and other comprehensive income in respect of the financial year ended the Accounts Date, together with any notes, reports, statements or documents included in or annexed or attached to them; |
| **"Accounts Date"** | 31 December 2025; |
| **"Affiliates"** | in relation to any Party, any Subsidiary or Parent Company of that Party and any Subsidiary of any such Parent Company, in each case from time to time; |
| **"Agreed Form"** | in relation to a document, the form of that document which has been initialled on the date of this Agreement for the purpose of identification by or on behalf of the Company and the Subscriber (in each case with such amendments as may be agreed in writing by or on behalf of the Company and the Subscriber); |
| **"Agreement"** | this subscription and settlement agreement as may be amended, varied and/or supplemented from time to time in accordance with the terms hereof; |
| **"Announcement"** | the announcement relating to, among other things, the transactions contemplated by this Agreement in the Agreed Form, including such amendments as required by any applicable regulator and as agreed between the Company and the Subscriber; |
| **"Associate(s)"** | has the meaning ascribed thereto in the Listing Rules; |
| **"Board"** | board of Directors; |
| **"Bondholder(s)"** | the person(s) who is from time to time the holder of the Convertible Bonds, whose name is to be entered in the register of Bondholder(s) maintained by the Company; |
| **"Business Day"** | a day (other than a Saturday or Sunday or public holiday in Hong Kong or any day on which a tropical cyclone warning no.8 or above or a "black" rain |

warning signal is hoisted in Hong Kong at any time between 9.00am and 5.00pm) on which licensed banks in Hong Kong are open for business throughout their normal business hours;

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| **"CB Subscription"** | the proposed subscription for the Convertible Bonds by the Subscriber and the proposed issue of the Convertible Bonds by the Company upon the terms and subject to the conditions set out in this Agreement; |
| **"Certificate(s)"** | the certificate(s) to be issued by the Company in respect of the Convertible Bonds substantially in the form set out in schedule A of the Instrument; |
| **"Companies Ordinance"** | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); |
| **"Company Warranties"** | the representations, warranties and undertakings contained in Clause 5 and Schedule 1; |
| **"Completion"** | completion of the CB Subscription as provided in Clause 4.1; |
| **"Completion Date"** | the fifth (5th) Business Day following the date on which the conditions in Clause 3.1 are fulfilled or, if applicable, waived (or such later date as the Parties may agree); |
| **"Conditions"** | the conditions to Completion set out in Clause 3.1, and "**Condition**" means any of them; |
| **"connected persons"** | has the meaning ascribed to it in the Listing Rules; |
| **"Conversion Date"** | the date on which the Conversion Rights are exercised in accordance with the terms and conditions of the Instrument; |
| **"Conversion Rights"** | the rights attached to the Convertible Bonds to convert the same or a part thereof into Conversion Shares as provided in the Instrument; |
| **"Conversion Shares"** | the Shares to be allotted and issued by the Company upon exercise by the Bondholder(s) of the Conversion Rights; |

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| **"Convertible Bonds"** | the 5-year zero coupon unsecured redeemable convertible bonds in the aggregate principal amount of HK$50,000,000 to be issued by the Company and to be subscribed by the Subscriber with the benefit of and subject to the provisions of the Instrument and due on the Maturity Date and the term "**Convertible Bond**" shall be construed accordingly; |
| **"Director(s)"** | director(s) of the Company; |
| **"GM"** | the general meeting to be convened by the Company to approve, amongst other things, the Specific Mandate and this Agreement and the transactions and all matters contemplated hereunder; |
| **"Group"** | the Company and its Subsidiaries and "**Group Members**" means all or any of them or any combination thereof; |
| **"HK$"** | Hong Kong dollars, the lawful currency of Hong Kong; |
| **"Hong Kong"** | the Hong Kong Special Administrative Region of the PRC; |
| **"Instrument"** | the instrument constituting the Convertible Bonds in the agreed form as set out in Schedule 3; |
| **"Indemnified Persons"** | the Subscriber together with its Affiliates, directors, officers, agents and employees and any other entity or person controlling the Subscriber or any of its affiliates which have been involved in effecting the Subscription and "**Indemnified Person**" means any one of them; |
| **"Listing Committee"** | the listing committee appointed by the Stock Exchange for considering applications for listing and the granting of listing of securities on the Stock Exchange; |
| **"Listing Rules"** | the Rules Governing the Listing of Securities on the Stock Exchange (as amended and supplemented from time to time); |
| **"Maturity Date"** | in respect of each Convertible Bond, the date falling on the fifth (5th) anniversary of the date of issue of the Convertible Bonds (both dates inclusive); |

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| **"Parent Company"** | any company which holds a majority of the voting rights in another company, or which is a shareholder of another company and has the right to appoint or remove a majority of its board of directors, or which is a shareholder of another company and controls a majority of the voting rights in it under an agreement with other shareholders, in each case whether directly or indirectly through one or more companies; |
| **"PRC"** | the People's Republic of China; |
| **"SFC"** | the Securities and Futures Commission of Hong Kong; |
| **"Share(s)"** | ordinary share(s) in the capital of the Company, and where applicable, the term shall also include share(s) of any class or classes resulting from any subdivision, consolidation or re-classification of those shares; |
| **"Shareholder(s)"** | the holder(s) of the Share(s); |
| **"Share Options"** | the options granted or to be granted pursuant to the share option scheme(s) of the Company; |
| **"Specific Mandate"** | the specific mandate to be granted by the Shareholders at the GM to the Directors to allot and issue the Conversion Shares upon the exercise of the Conversion Rights by the Bondholder(s); |
| **"Stock Exchange"** | The Stock Exchange of Hong Kong Limited; |
| **"Subscriber Claim"** | any claim for breach of the Company Warranties; |
| **"Subscriber Warranties"** | the representations, warranties and undertakings contained in Clause 6; |
| **"Subsidiary(ies)"** | has the meaning ascribed thereto in the Listing Rules; |
| **"Takeovers Code"** | the Code on Takeovers and Mergers in Hong Kong; |
| **"Tax" or "Taxation"** | (i) taxes on income, profits and gains; and (ii) all other taxes, levies, duties, imposts, charges and withholdings of any fiscal nature, including any |

excise, property, value added, sales, use, occupation, transfer, franchise, payroll taxes, any social security or social fund contributions and rate imposed, levied, collected, withheld, assessed or enforced pursuant to applicable law by any local, municipal, regional, urban, governmental, state, federal or other body or authority in Hong Kong or any other part of the world, in all cases being in the nature of taxation, and any penalties, charges, interest or fine relating to any of the foregoing or to any late or incorrect return in respect of any of them;

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| **"Third Party Right"** | any interest, claim or equity of any person (including any right to acquire, option or right of pre-emption or conversion) or any mortgage, charge, pledge, lien, encumbrances, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement, or any agreement to create any of the above. |

1.2. Words and expressions defined in the Companies Ordinance shall unless the context otherwise requires have the same meanings in this Agreement.

1.3. In this Agreement, including the recitals:

(a) reference to recitals, clauses and paragraphs (other than to a schedule to a statutory provision) are to recitals, clauses and paragraphs of this Agreement;

(b) a reference to a statute or statutory provision includes a reference:

(i) to that statute or statutory provision as from time to time modified or re-enacted;

(ii) to any repealed statute or statutory provision which it re-enacts (with or without modification);

(iii) to any subordinate legislation made under the relevant statute;

(iv) references to the singular include a reference to the plural and vice versa;

(v) reference to any gender include a reference to all genders;

(vi) references to persons include a reference to bodies corporate, unincorporated associations and partnerships; and

(vii) headings to clauses are for convenience only and do not affect interpretation.

## 2. THE CB SUBSCRIPTION AND SET-OFF

(a) Subject to the terms and conditions of this Agreement, the Subscriber shall subscribe for, and the Company shall issue, the Convertible Bonds to the Subscriber for the aggregate principal amount of HK$50,000,000.

(b) The Convertible Bonds shall be issued at its full face value to the Subscriber free from any Third Party Right.

(c) The Subscriber shall satisfy the subscription price equal to the principal amount of the Convertible Bonds of HK$50,000,000 by way of setting off against the Set-Off Loan, which shall be deemed fully and irrevocably paid, discharged, and extinguished upon the issuance of the Convertible Bonds by the Company.

## 3. CONDITIONS PRECEDENT

3.1 Completion is conditional upon the fulfilment (or otherwise waived by the Company or the Subscriber (as the case may be) in writing, to the extent such conditions precedent may be waived) of the following Conditions:

(a) to the extent not waived or consented to by or the requisite approval or ruling not obtained from the relevant regulatory or governmental authorities, compliance by each Party of all applicable laws and regulations, including but not limited to those under the Listing Rules, the Companies Ordinance and the laws and regulations of each Party's jurisdiction of incorporation;

(b) the passing by the Shareholders (other than those who are required by the Listing Rules to abstain from voting in respect of each resolution) in a GM of resolutions which are necessary to give effect to the transactions contemplated under this Agreement and comply with the Listing Rules, among other things, approving (i) the execution, delivery and performance of this Agreement; and (ii) the allotment and issue of the Conversion Shares under the Specific Mandate;

(c) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Conversion Shares (with or without conditions) and the Stock Exchange not having withdrawn or revoked such approval;

(d) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the CB Subscription void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to the CB Subscription (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Company and/or the Subscriber to proceed with the CB Subscription);

(e) all license, permit, consent, authorisation, permission, clearance, warrant, confirmation, certificate or approval of any competent governmental, administrative, supervisory, regulatory, judicial, determinative, disciplinary, enforcement or tax raising body, authority, agency, board, department, court or tribunal of any jurisdiction (including the Stock Exchange, the SFC or any relevant securities exchange) and whether supranational, national, regional or local or any other person which are required for the issue of the Convertible Bonds and all matters contemplated thereunder having been obtained or made, if any; and

(f) all the representations and warranties contained in this Agreement in relation to the Company and the Subscriber remain true, accurate in all material respects and not misleading when made, and being true, accurate in all material respects and not misleading on and as of the Completion Date.

3.2 The Company shall use its reasonable endeavours to procure the satisfaction of the Conditions set out in Clause 3.1 (where applicable to the Company) (unless otherwise waived by the Subscriber) on the Completion Date. The Subscriber shall use its reasonable endeavours to procure the satisfaction of the Conditions set out in paragraphs (a), (e) and (f) (where applicable to the Subscriber) of Clause 3.1 (unless otherwise waived by the Company) on the Completion Date.

3.3 The Conditions in paragraph (f) (in respect of the Company) of Clause 3.1 may be waived by the Subscriber (in whole or in part) and the Conditions in paragraph (f) (in respect of the Subscriber) of Clause 3.1 may be waived by the Company (in whole or in part). No other Conditions may be unilaterally waived by any Party.

3.4 The Company and the Subscriber shall each notify the others promptly (but in any event within five (5) Business Days) upon becoming aware that any of the Conditions have not been fulfilled.

3.5 If the Conditions in Clause 3.1 are not fulfilled or, if applicable, not waived on or prior to 31 October 2026 (the "**Long Stop Date**"), or such other date as the Parties may agree in writing (the "**Extended Long Stop Date**"), all obligations of the Parties hereunder shall cease and determine immediately on the Long Stop Date or the Extended Long Stop Date (as the case may be) and none of the Parties (nor any of their respective Affiliates) shall have any claim against the other (or any of their respective Affiliates) except in respect of any rights and liabilities which have accrued prior to termination.

## 4. COMPLETION

4.1 Subject to fulfilment (or waiver, as the case may be) of the Conditions, Completion shall take place in Hong Kong at such place as may be agreed by the Parties on the Completion Date.

4.2 At Completion (or such later date as the parties shall agree in writing):

(a) In respect of the CB Subscription:

(i) the Subscriber shall satisfy the subscription price equal to the principal amount of the Convertible Bonds of HK$50,000,000 by way of setting off against the Set-Off Loan, which shall be deemed fully and irrevocably paid, discharged, and extinguished upon the issuance of the Convertible Bonds by the Company; and

(ii) against full settlement of the subscription price of the Convertible Bonds in sub-paragraph (i) above, the Company shall issue the Convertible Bonds to the Subscriber and shall promptly thereafter instruct its bondholder(s) registrar to register the Subscriber as the registered holder of the Convertible Bonds and shall deliver or cause to be delivered to the Subscriber the Certificate in respect of the Convertible Bonds issued in favour of the Subscriber and a copy of the register of bondholders, evidencing that the name of the Subscriber has been entered on the register of bondholders as the registered holder of the Convertible Bonds.

(b) Other documents:

(i) each Party shall deliver (or ensure that there is delivered to the other Parties) a copy of a resolution (certified by a duly appointed officer as true and correct) of the board and/or board committee (as necessary to provide valid authorisation) of directors of the relevant Party (or, if required by the law of its jurisdiction or constitutional documents or the Listing Rules, of its shareholders) authorising the execution and delivery of and the performance by the Party's obligations under this Agreement and all matters contemplated hereunder, including in connection with the issue of the Convertible Bonds.

## 5. COMPANY WARRANTIES

5.1 The Company represents and warrants to the Subscriber that as at the date of this Agreement and as at Completion that each of the Company Warranties is true, accurate and not misleading in all material respects.

5.2 Each of the Company Warranties shall be constructed separately and independently.

5.3 The Company undertakes to notify the Subscriber upon it becoming aware prior to Completion of any event which could reasonably be expected as indicating that any of the Company Warranties may be or may have been incorrect, misleading or breached in any material respect. The Company shall not, and shall use its best endeavours to procure that none of its Subsidiaries shall, at any time prior to or on Completion, do or omit to do anything which may cause any of the Company Warranties to be untrue or misleading in any material respect.

5.4 The Company undertakes to the Subscriber for itself and as trustee for each of the Indemnified Persons to indemnify and hold harmless each Indemnified Person against all or any reasonable costs, expenses (including legal fees as they are reasonably incurred), fees, proceedings (including, but not limited to, all such losses, costs, charges, expenses and liabilities which the relevant Indemnified Person may incur in investigating, disputing or defending any proceedings and/or in establishing its rights to be indemnified pursuant to this Clause and/or in seeking advice in relation to such proceedings) brought or established or threatened to be brought or established against any of the Indemnified Person by any person or by any governmental agency, regulatory body or other person directly or indirectly arising out of or in connection with any material breach of any of the Company Warranties or any other terms of this Agreement by the Company. The indemnities contained in this Clause shall remain in full force and effect notwithstanding Completion in accordance with the terms set out in this Agreement.

5.5 The Company acknowledges and agrees that, except as provided under the Company Warranties, no other statement, promise or forecast made by or on behalf of the Company or its Subsidiaries may form the basis of any Subscriber Claim against the Company under or in connection with this Agreement or the Instrument. In particular, the Company does not make any representation or warranty as to the accuracy of any forecasts, estimates, projections, statements of intent or opinion provided to the Subscriber, or either of its Affiliates or to its or their advisors on or before the date of this Agreement.

5.6 It is acknowledged that the Subscriber has entered into this Agreement in reliance upon the Company Warranties.

## 6. SUBSCRIBER WARRANTIES

6.1 The Subscriber warrants and represents to the Company that as at the date of this Agreement and as at the Completion Date that each of the Subscriber Warranties below is true, accurate and not misleading in all material respects:

(a) the Subscriber is duly incorporated and validly existing under the laws of the place of its incorporation with power to conduct its business in the manner presently conducted;

(b) the Subscriber has the requisite power and authority to enter into and perform this Agreement;

(c) this Agreement, when executed by the Subscriber, would constitute legally binding obligations on the Subscriber, in accordance with the terms and conditions hereof, subject to applicable bankruptcy laws, creditors' rights and general equitable principles;

(d) the execution and delivery, and performance by the Subscriber of its obligations under this Agreement will not:

(i) result in any breach of, or constitute a default under any agreement, arrangement, commitment, document or instrument to which the Subscriber is a party or by which it is bound or affected;

(ii) infringe the rights of any third party;

(iii) result in any violation of any law or any rule or regulation of any administrative agency or governmental body or the terms of its articles of association (or equivalent constitutional documents) or breach of any order, judgment or decree of any court or governmental agency to which it is a party or by which it is bound; and

(iv) require the consent, waiver or approval of any other party (except for the Conditions which the Subscriber is required to be fulfilled); and

(e) the information provided by or on behalf of the Subscriber in relation to it for inclusion in the public announcement(s) (including the Announcement) and circular in connection with the transactions contemplated under this Agreement in compliance with the Listing Rules is true, complete and accurate in all material respects and not misleading in any material respect.

6.2 Each of the Subscriber Warranties shall be constructed separately and independently.

6.3 It is acknowledged that the Company has entered into this Agreement in reliance upon the Subscriber Warranties.

## 7. ANNOUNCEMENTS AND CONFIDENTIALITY

7.1 Save for any compliance with the disclosure obligations in accordance with the applicable laws, regulations and the Listing Rules and (if applicable) the Takeovers Code, each of the Parties shall treat as strictly confidential all information relating to this Agreement and all matters contemplated hereunder. The restriction in this Clause 7 shall not apply to the extent that the announcement or communication to shareholders is required by the Listing Rules or any other applicable laws, by any regulatory or other supervisory body or authority of competent jurisdiction, whether or not the requirement has the force of law. If this exception applies, the Party making the announcement or issuing the communication to shareholders shall use its reasonable efforts to consult with the other Party in advance as to its form, content and the timing of issue.

7.2 For the purpose of this Clause 7, "**Confidential Information**" shall mean information relating to the disclosing Party and its associates (including any subsidiary, holding company or any subsidiary of such holding company) furnished to the other Party or its Representatives whether orally or in writing (whatever the form or storage medium) or gathered by inspection, and regardless of whether such information is specifically identified as "confidential" or "secret". Such Confidential Information shall include but not limited to any and all written, oral or other tangible or intangible form of information, discoveries, ideas, concepts, know-how (whether patentable or copyrightable or not), research, development, designs, specifications, drawings, blueprints, tracings, diagrams, models, samples, flow charts, data computer programs, disks, diskettes, tapes, algorithms, software programs, marketing plans or techniques, customer names, technical, financial or business information relating to the disclosing Party, but excluding information which (i) is or becomes generally available to the public other than as a result of a disclosure by the receiving Party or its Representatives or disclosure by a third party in breach of any confidentiality obligation or any terms hereof, (ii) was or becomes available to the receiving Party on a non-confidential basis from a source other than the disclosing Party or its Representatives, (iii) is independently developed by the receiving Party without violating its obligations hereunder, or (iv) the receiving Party is compelled to disclose by reason of any deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process under law or requests from any securities regulatory authorities or any tribunal or court of competent jurisdiction. Insofar as (iv) applies, the receiving Party so compelled shall, as far as it is practicable and lawful to do so (a) first consult the other Party to give the other Party an opportunity to contest the disclosure; and (b) take into account the other Party's reasonable requirements about the proposed form, timing, nature and extent of the disclosure. "Representatives" means, in relation to a Party and its Affiliates and their respective directors, officers, employees, agents, advisers, accountants and consultants.

## 8. COSTS AND EXPENSES

8.1 Each Party shall be responsible for and pay all costs and expenses (including legal and other professional fees and expenses) incurred by it in connection with the negotiation, preparation and completion of this Agreement and the preparation and release of any announcement (including the Announcement) and circular in relation to the CB Subscription.

8.2 The Company shall be responsible for the costs and expenses incurred on the issue of the Conversion Shares, the Convertible Bonds and any transaction levy as may be payable to the Stock Exchange for the Conversion Shares and the Convertible Bonds.

## 9. TERMINATION

9.1 At any time before the principal amount of the Convertible Bonds is set off against the Set-Off Loan:

(a) if there shall have come to the notice of the Subscriber any breach of, or any event rendering untrue or incorrect in any respect, any of the Company Warranties or any failure to perform any of the Company's undertakings or agreements in this Agreement;

(b) if any of the Conditions has not been satisfied, or waived by the Subscriber (to the extent waivable), on or prior to the Completion Date;

(c) if there shall have been any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of three trading days or more (save in respect of any suspension in trading of the Shares for the purposes of clearing the relevant announcement(s) or otherwise in relation to the transactions contemplated in or relating to this Agreement); or

(d) if, in the reasonable opinion of the Subscriber, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in its view be likely to prejudice materially the success of the issue of the Conversion Shares and the Convertible Bonds,

then the Subscriber shall be entitled (but not bound) by written notice to the Company to elect to treat such event, breach or failure as terminating this Agreement notwithstanding any other provisions of this Agreement.

9.2 Upon termination of this Agreement pursuant to this Clause 9, all liabilities of the Parties hereunder shall cease and determine 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 for rights and remedies accrued prior to such termination.

9.3 The Company undertakes to inform the Subscriber as soon as reasonably practicable of any matter or circumstance which comes to its attention which may fall within Clause 9.1 above.

## 10. GENERAL PROVISIONS RELATING TO AGREEMENT

10.1 Any reference to a date or period in this Agreement may be changed by written agreement of the Parties but as regards any date or period (whether or not amended or changed as aforesaid) time shall be of the essence of this Agreement.

10.2 Each of the Parties hereto undertakes to the other to execute all such documents, deeds or instruments and to do or procure to be done all such other acts and things as may be necessary to give the other Party the full benefit of this Agreement.

10.3 Each Party undertakes to the other Party that it will promptly provide to the other such information as may be required by the Stock Exchange, SFC or other regulatory authorities in relation to the CB Subscription contemplated in this Agreement.

10.4 This Agreement shall be binding on and enure for the benefit of the successors of the Parties but shall not be assignable otherwise than with the prior written consent of the other Party.

10.5 Any right or remedy conferred on any Party for breach of this Agreement (including 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 and the exercise of or failure to exercise any right or remedy in respect of such breach 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.

10.6 This Agreement constitutes the entire agreement between the Parties hereto with respect to its subject matter (no party having relied on any representation or warranty made by the other Party with respect thereto which is not contained in this Agreement) and this Agreement supersedes all and any previous agreements arrangements or understandings between the Parties hereto relating to the matters referred to in this Agreement and all such previous agreements, arrangements or understandings (if any) shall cease and determine with effect from the date hereof and neither Party shall have any claim in connection therewith.

10.7 No variation of this Agreement shall be effective unless made in writing and signed by each of the Parties.

10.8 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect in any jurisdiction, the legality, validity and enforceability in other jurisdictions or of the remaining provisions of this Agreement shall in no way be affected or impaired thereby.

10.9 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 be binding on all parties.

10.10 Any provision of this Agreement which is capable of being performed after Completion but which has not been performed at or before Completion and all Company Warranties, Subscriber Warranties and other representations and warranties and other undertakings contained in or entered into pursuant to this Agreement shall remain in full force and effect notwithstanding Completion.

10.11 Time shall be of the essence of this Agreement but no failure by any Party to exercise, and no delay on its part in exercising any right hereunder will operate as a waiver thereof, nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise of it or the exercise of any right or prejudice or affect any right against the other. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

## 11. NOTICES

11.1 Any notice in connection with this Agreement shall be in writing in English and delivered by hand, registered post or courier using an internationally recognised courier company. A notice shall be effective upon receipt and shall be deemed to have been received: (i) at the time of delivery, if delivered by hand, registered post or courier; or (ii) at the time of transmission if delivered by email (provided that such email does not bounce back), provided that in any case, where delivery occurs outside working hours of 9:00 a.m. to 5:00 p.m. (Hong Kong time), notice shall be deemed to have been received at the start of working hours on the next following Business Day.

11.2 The addresses of the Parties for the purpose of Clause 11.1 are:

The Company:

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| Address: | Level 28, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong |
| Attention: | Board of Directors |
| Email: | cs@biosysen.bio |

The Subscriber:

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| Address: | Room 1201-02, Jubilee Centre, 18 Fenwick Street, Wanchai, Hong Kong |
| Attention: | Board of Directors |
| Email: | henry.cheung@osibao.com |

11.3 Nothing in this Clause 11 shall preclude the service of communication or the proof of such service by any mode permitted by law.

## 12. GOVERNING LAW, JURISDICTION AND SERVICE OF PROCESS

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

12.2 Each Party hereto irrevocably agrees that the Courts of Hong Kong shall have non-exclusive jurisdiction in relation to any claim, dispute or difference concerning this Agreement and any matter arising therefrom.

12.3 Each Party hereto irrevocably waives any right that it may have to object an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.

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

12.5 This Agreement may be signed in any number of copies or counterparts, each of which when so signed and delivered to the other Party shall be deemed an original, but all the counterparts shall together constitute one and the same instrument.

*[The remainder of this page has been intentionally left blank.]*

**IN WITNESS** the hands of the duly authorised representatives of the parties hereto the day and year first above written.

**THE COMPANY**

| | | |
|---|---|---|
| **SIGNED** by Lee Tsz Yan | ) | *For and on behalf of* |
| its director / authorised signatory | ) | BIOSYSEN LIMITED |
| for and on behalf of | ) | 生物系統工程有限公司 |
| **BIOSYSEN LIMITED** | ) | |
| in the presence of:- | ) | *Authorized Signature(s)* |

**THE SUBSCRIBER**

| | | |
|---|---|---|
| **SIGNED** by Cheung Ching Mo | ) | |
| its director / authorised signatory | ) | *For and on behalf of* |
| for and on behalf of | ) | OSIBAO COSMETICS INTERNATIONAL LIMITED |
| **OSIBAO COSMETICS INTERNATIONAL** | ) | 奧斯寶化妝品國際有限公司 |
| **LIMITED** | ) | |
| in the presence of:- | ) | *Authorized Signature(s)* |

## SCHEDULE 1

### COMPANY WARRANTIES

For the avoidance of doubt, each statement sets out below in this Schedule 1 is made subject to and on the terms of Clause 5.

**1. General/Commercial**

1.1 Authorisations, valid obligations, filings and consents:

(a) Subject to the fulfilment of the Conditions, the Company has obtained all corporate authorisations and (other than to the extent relevant to the Conditions) all other governmental, statutory, regulatory or other consents, licences or authorisations required to empower it to enter into and perform its obligations under this Agreement, including but not limited to the allotment and issue of the Convertible Bonds.

(b) Entry into by the Company and performance by the Company of this Agreement to which it is a party and/or the allotment and issue of the Convertible Bonds do not, and will not, at the time of execution and delivery or issue (as the case may be): (i) result in a breach in any material respect of any provision of its constitutional documents; (ii) result in a breach in any material respect of, or constitute a default under, any instrument to which the Company is a party; (iii) (subject to fulfilment of the Conditions) result in a breach in any material respect of any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over the Company; or (iv) infringe any mortgage, contract or other undertaking or instrument to which the Company is a party.

(c) This Agreement will, when executed, constitute valid and legally binding obligations of the Company.

1.2 The Company

(a) The Company is validly incorporated, in existence and duly registered under the laws of the Cayman Islands. The Company has full power and authority under its constitutional documents to own its properties and to conduct its business as conducted at the date of this Agreement and as at the Completion Date, is lawfully qualified and licensed to do business in those jurisdictions in which business is conducted by it and within the scope of its business licenses, and is not in liquidation or receivership or subject to any event which under the applicable laws of any similar relevant jurisdiction will have a similar or analogous effect to a liquidation or a receivership.

(b) Except as contemplated under this Agreement and the Share Options, the Company has not entered into any agreement whereby any person (other than a Group Member) has the right (exercisable now or in the future and whether contingent or not) to call for the issue of any share or loan capital in the Company.

(c) The Company does not own any shares or interests in any undertaking (other than another Group Member).

1.3 The Convertible Bonds

(a) The particulars relating to the share capital of the Company in Recital (A) of this Agreement are correct and accurate as at the date of this Agreement and, except as contemplated under this Agreement and the Share Options, no unissued share capital of the Company is under any option or agreed conditionally or unconditionally to be put under any option and no person has an outstanding warrant, pre-emptive right or other right of any description to require shares to be allotted or issued by the Company.

(b) Subject to the satisfaction of the Conditions, the execution, delivery and performance of this Agreement, the issue of the Convertible Bonds and compliance with the terms hereof do not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the Company's constitutional documents, or (except to the extent the Company has obtained from all relevant parties their prior written agreement on waiver of such conflict, breach or default) any indenture, trust deed, mortgage or other agreement or instrument to which the Company is a party or by which it or any of its assets are bound, or infringe any existing applicable law, rule, regulation, judgement, order, authorisation or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over any Group Member or any of their respective properties or assets or infringe the Listing Rules which would affect the performance of this Agreement.

(c) The issue of the Convertible Bonds will not be subject to any pre-emptive or similar rights.

(d) All of the issued Shares have been duly listed on the Stock Exchange, and the Company will ensure that an application for the listing of, and permission to deal in all of the Conversion Shares falling to be issued upon exercise of the Conversion Rights will be made to the Listing Committee (subject to fulfilment of the Conditions), and when such permission is granted by the Listing Committee, subject to Completion taking place pursuant to the terms of this Agreement, the Company will issue the Convertible Bonds to the Subscriber accordingly.

(e) The Company is in all material respects in compliance with and will comply with all applicable law and regulations, including but not limited to the applicable requirements of the Listing Rules (including with respect to its allotted and issued Shares) and the Company is in compliance in all material respects with the disclosure requirements under the Listing Rules and the Company will comply with all applicable law and the applicable requirements of the Stock Exchange in connection with the issue of the Convertible Bonds.

1.4 Capital Structure

(a) The Conversion Shares, when issued, will be free from all Third Party Right and the Company will from the Completion Date up to the date of conversion by the Subscriber be able to allot and issue the Conversion Shares (and the full legal and beneficial ownership thereof) on the terms of this Agreement (in particular the Instrument) without the consent of any third party, save for consents mentioned in this Agreement.

(b) Save for any reorganisation of share capital publicly announced by the Company prior to the date of this Agreement, the Company has not at any time effected any reorganisation of its share capital.

(c) Save for the dividend declared by the Company to its shareholders publicly announced by the Company prior to the date of this Agreement, the Company has not declared, set aside or paid any dividend or made any other distributions on or in respect of its Shares.

1.5 Information

(a) All publicly available information and records of the Company disclosed pursuant to the Listing Rules during the past 5 years was, when supplied or published, materially true and accurate and not misleading in any material respect and all forecasts, opinions and estimates relating to the Group Member so supplied or disclosed have been made after due and careful consideration, are based on reasonable assumptions and represent reasonable and fair expectations honestly held based on facts known to the Company and having taken into account advice from the Company's advisors for the relevant transactions, and the Company is not in possession of any material non-public information relating to the Group Members or their businesses which is required to be disclosed or published under the Listing Rules or the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and has not been disclosed or published and there is not in existence any material or information relating to the Group Members which will be required to be disclosed by the Company under the Listing Rules and which has not been disclosed.

(b) All statements of fact contained in the Announcement (other than information in relation to the Subscriber in respect of which prior concurrence shall have been given by the Subscriber) to be issued on behalf of the Company on or about the same date of this Agreement are true and accurate in all material respects and not misleading in any material aspect and all statements of opinion, intention or expectation of the directors of the Company in relation to the Group contained therein (if any) are truly and honestly held and have been made on reasonable grounds after due and careful consideration, and there is no other fact or matter omitted therefrom the omission of which would make any statement therein misleading in any material aspect or which is otherwise material in the context of the entry into this Agreement, the transactions contemplated herein and/or the issue of the Convertible Bonds.

(c) All information supplied by the Company or any Group Member to the Subscriber is true, complete and accurate in all material respects as at the date it was given and is not misleading in all material respects. There has been no development or occurrence relating to the financial or business condition or prospects, results of operations, business or properties of the Company or any Group Member (including, without limitation, with respect to any corporate event, acquisition, disposal or related matter) which is not in the public domain and which would reasonably be expected to be material to potential subscribers of the Convertible Bonds; and the Company has disclosed all information regarding the financial or business condition or prospects of the Group, which is relevant and material in relation to the Group, in the context of the issue, offering and sale of the Convertible Bonds.

1.6 Insider dealing

The Company has not been, is not and will not be at any time engaged in insider dealing for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) in connection with the issue of the Convertible Bonds and the related transactions entered into or to be entered into by the Company pursuant to this Agreement; neither the Company nor any person acting on behalf of the Company or under the control of the Company has taken or will take, directly or indirectly, any action designed or which was designed, or which constitutes or has constituted or might reasonably be or have been expected to cause or result in, stabilisation or manipulation of the price of any Shares or any securities of the Company.

**2. Financial Matters**

2.1 The Accounts: The Accounts give a true and fair view of the assets, liabilities and state of affairs of the Group Members as at the Accounts Date and of the results of the Group Members for the financial year ended on that date. The Accounts have been properly prepared in accordance with the Companies Ordinance and in accordance with the requirements of Hong Kong Financial Reporting Standards.

2.2 Statutory books, records and filings: The statutory books, books of accounts and other records of each of the Group Members required to be kept by applicable law in its jurisdiction of incorporation have been maintained in all material respects in accordance with such applicable law, are up-to-date and complete and have been filed on a timely basis.

**3. Regulatory Matters**

3.1 Compliance: So far as the Company is aware, in the 12 months before the date of this Agreement there has been no default by nor has there has been any investigation, disciplinary proceeding or enquiry on any Group Member under any order, decree, judgment or arbitral award of any court or any governmental, regulatory authority or agency or arbitral tribunal in the jurisdiction in which it is incorporated which applies to any Group Member or the relevant jurisdictions where any litigation, arbitration or proceedings has taken place where such default has had or is likely to have a cost (including, for these purposes, a loss of profit and fees) to any Group Member of HK$10,000,000 in aggregate or more.

**4. Litigation**

4.1 Save as publicly disclosed by the Company and so far as the Company is aware, no Group Member is involved as a party in any material litigation, arbitration, mediation or contentious administrative proceedings (other than those where any Group Member is joined as a party in the normal course of business of the Group) and, so far as the Company is aware, no such proceedings have been threatened in writing by or against any Group Member. For this purpose, material means proceedings which (if successful) are likely to result in a cost to the Group of HK$10,000,000 or more.

**5. Insolvency Etc.**

5.1 No bankruptcy, insolvency or judicial composition proceedings concerning any Group Member (including its shareholder(s)) have been applied for. So far as the Company is aware, no circumstances exist which would require an application for any bankruptcy, insolvency or judicial composition proceedings concerning any Group Member nor do any circumstances exist according to any applicable bankruptcy or insolvency laws which would justify the avoidance of this Agreement.

# SCHEDULE 2

## LIMITATIONS ON COMPANY LIABILITY

1. Time Limits. The Company shall not be liable for any Subscriber Claim unless the Company receives from the Subscriber written notice (within 30 days of the Subscriber becoming aware of the fact, matter or circumstance reasonably likely to give rise to such Subscriber Claim) containing reasonably specific details of the Subscriber Claim, including the Subscriber's estimate (on a without prejudice basis) of the amount of the Subscriber Claim before the date which is 18 months after Completion.

2. Maximum limit for all Subscriber Claims. The aggregate amount of the liability of the Company for all Subscriber Claims shall not exceed HK$50,000,000.

3. Subscriber Claim to be withdrawn unless litigation commenced. Any Subscriber Claim shall (if it has not been previously satisfied, settled or withdrawn) be deemed to have been withdrawn 6 months after the notice is given pursuant to paragraph 1 of this Schedule, unless legal proceedings in respect of it have been commenced by being both issued and served. No new Subscriber Claim may be made in respect of the facts, matters, events or circumstances giving rise to any such withdrawn Subscriber Claim.

4. Matters disclosed. The Company shall not be liable for any Subscriber Claim for breach of the Company Warranties if and to the extent that the fact, matter, event or circumstance giving rise to such Subscriber Claim is fairly disclosed by this Agreement. For this purpose, fairly disclosed means disclosed in such manner and detail as would enable the Subscriber to make an informed and reasonable assessment of the matter concerned and its significance to, and effect upon, the Group Members and the business of the Group Members.

5. Matters provided for or taken into account in the Accounts. The Company shall not be liable for any Subscriber Claim if and to the extent that the fact, matter, event or circumstance giving rise to the Subscriber Claim is disclosed, allowed, provided or reserved for in the Accounts.

6. Contingent liabilities. If any Subscriber Claim is based upon a liability which is contingent only, the Company shall not be liable to pay unless and until such contingent liability gives rise to an obligation to make a payment (but the Subscriber has the right under paragraph | of this Schedule to give notice of that Subscriber Claim before such time).

7. No liability for Subscriber Claims arising from acts or omissions of the Subscriber. The Company shall not be liable for any Subscriber Claim to the extent that it would not have arisen but for, or has been increased or not reduced as a result of, any voluntary act, omission or transaction carried out after Completion, by the Subscriber or any Affiliate of the Subscriber outside the ordinary course of business of a Group Member as at Completion.

8. Duty to mitigate. The Subscriber shall procure that all reasonable steps are taken (including, to the extent permissible under applicable law, after Completion, procure that the Group Members take all reasonable steps) to avoid or mitigate any loss or damage which it may suffer in consequence

of any breach by the Company of the terms of this Agreement or any fact, matter, event or circumstance likely to give rise to a Subscriber Claim.

9. Recovery from third party after payment from Company. Where the Company has made a payment to the relevant Subscriber in relation to any Subscriber Claim, and the Subscriber is entitled to recover (whether by insurance, payment, discount, credit, relief or otherwise) from a third party a sum which indemnifies or compensates the Subscriber (in whole or in part) in respect of the liability or loss which is the subject of a Subscriber Claim, the Subscriber shall: (i) promptly notify the Company of the fact and provide such information as the Company may reasonably require; (ii) take all reasonable steps or proceedings as the Company may require to enforce such right; and (iii) pay to the Company as soon as practicable after receipt an amount equal to the amount recovered from the third party (net of Taxation and less any reasonable Costs of recovery). "Costs" means losses, damages, costs (including reasonable legal costs) and expenses (including Taxation), in each case of any nature whatsoever.

10. Net financial benefit. The Company shall not be liable to satisfy any Subscriber Claim to the extent of any corresponding saving by, or net quantifiable financial benefit to, the relevant Subscriber, arising from the matter(s) giving rise to such Subscriber Claim, including the amount (if any) by which any Tax for which the Subscriber, would otherwise have been accountable or liable to be assessed is actually reduced or extinguished as a result of the matter(s) giving rise to the Subscriber Claim.

11. No liability for legislation or changes in rates of Tax. The Company shall not be liable for any Subscriber Claim if and to the extent it is attributable to, or the amount of such Subscriber Claim is increased as a result of, any: (i) legislation not in force at the date of this Agreement; (ii) change of law (or any change in interpretation on the basis of case law), regulation, directive, requirement or administrative practice after the date of this Agreement; or (iii) change in the rates of Taxation in force at the date of this Agreement or any imposition of any Taxation or any withdrawal of Relief from Taxation not in effect at the date of this Agreement. "Relief" includes, unless the context otherwise requires, any allowance, credit, deduction, exemption or set-off in respect of any Tax or relevant to the computation of any income, profits or gains for the purposes of any Tax, or any saving or repayment of Tax (including any interest in respect of Tax).

12. No double recovery. The Subscriber shall not be entitled to recover damages or obtain payment, reimbursement, restitution or indemnity more than once in respect of any liability, loss, cost, shortfall, damage, deficiency, breach or other set of circumstances which gives rise to more than one Subscriber Claim.

13. Consequential loss. The Subscriber shall not in any event be entitled (including under any Subscriber Claim) to claim for any punitive, special, indirect or consequential loss or loss of profit or for any loss of goodwill or possible business after Completion, whether actual or prospective.

14. Subscriber's knowledge. The Company shall not be liable for any Subscriber Claim if and to the extent that the Subscriber or any of its Affiliates or advisers is aware at Completion of the fact, matter, event or circumstance which is the subject matter of the Subscriber Claim.

15. Waiver of right of set-off. The Subscriber waives and relinquishes any right of set-off or counterclaim, deduction or retention which the Subscriber might otherwise have in respect of any

Subscriber Claim against or out of any payments which the Subscriber, may be obliged to make (or procure to be made) to the Company pursuant to this Agreement or otherwise.

16. Company to have opportunity to remedy breaches. If a breach of the Company Warranties is capable of remedy, the Subscriber shall only be entitled to compensation if it gives the Company written notice of the breach and the breach is not remedied within 30 days after the date on which such notice is served on the Company. Without prejudice to its duty to mitigate any loss, the Subscriber shall provide all reasonable assistance to the Company to remedy any such breach.

# SCHEDULE 3

## FORM OF INSTRUMENT

**<u>Form of Instrument</u>**

**Dated: [•]**

## BIOSYSEN LIMITED

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**INSTRUMENT**
**constituting**
**an amount of HK$50,000,000**
**5-YEAR ZERO COUPON**
**UNSECURED REDEEMABLE CONVERTIBLE BONDS DUE 2031**
of
**BIOSYSEN LIMITED**

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**THIS INSTRUMENT** is made on [●]

**BY**

**BIOSYSEN LIMITED (生物系統工程有限公司)** (formerly known as "Legend Strategy International Holdings Group Company Limited 朸濬國際集團控股有限公司"), an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange with stock code: 1355, whose registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands (the "**Company**")

**IN FAVOUR OF**

**OSIBAO COSMETICS INTERNATIONAL LIMITED (奧斯寶化妝品國際有限公司)**, a company incorporated in Hong Kong with limited liability whose registered address is at Room 1201-02, Jubilee Centre, 18 Fenwick Road, Wanchai, Hong Kong (the "**Subscriber**").

**WHEREAS:**

(A) The Company is an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange. As at the date hereof, the Company has 1,193,065,160 Shares (as defined in Clause 1(A)) in issue and are fully paid up or credited as fully paid up. All the issued Shares are listed on the Stock Exchange (as defined in Clause 1(A)).

(B) The Company is desirous to issue 5-year zero coupon unsecured redeemable convertible bonds due in 2031 in the aggregate principal amount of HK$50,000,000, on the terms and conditions set out in this Instrument.

(C) Pursuant to the resolutions of the board of directors of the Company passed on [●] 2026, the Company has resolved to create and issue the Convertible Bonds on the terms hereof.

(D) Pursuant to the ordinary resolutions passed by the shareholders of the Company held on [●] 2026, it was resolved that the issue of the Convertible Bonds (as defined in Clause 1(A)) upon the terms and subject to the conditions of the subscription and settlement agreement dated 26 May 2026 entered into between the Company and the Subscriber in relation to, amongst others, the subscription for the Convertible Bonds by the Subscriber and of this Instrument and the specific mandate granted to the directors of the Company for the issue of the Conversion Shares upon conversion of the Convertible Bonds.

(E) Application to the Listing Committee has been made for permission to list and to deal in the Conversion Shares on the Stock Exchange. On [●] 2026, the Listing Committee has granted permission to list and to deal in the Conversion Shares on the Stock Exchange.

## 1. INTERPRETATION

(A) In this Instrument, unless the context otherwise requires, the following expressions shall have the following meanings:

"**Acting in Concert**" has the meaning ascribed thereto in the Takeovers Code;

"**Bondholder(s)**" or "**holder(s)**" means for the time being, the Subscriber, or the person(s) and from time to time being entered in the register of Bondholder(s) maintained pursuant to Clause 4 as the holder or joint holders of the Convertible Bond(s);

"**Business Day**" means a day on which banks in Hong Kong are open for general banking business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.;

"**Certificates**" means the certificates (in registered forms) substantially in the form set out in Schedule A given under the seal of the Company evidencing the title of the Bondholder(s) to the Convertible Bond(s);

"**Companies Ordinance**" means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;

"**Connected Person**" has the meaning ascribed thereto under the Listing Rules;

"**Conversion Date**" has the meaning ascribed thereto in Clause 6(C)(ii);

"**Conversion Moneys**" means the actual total amount of the Convertible Bond(s) to be converted and payable by the Bondholder(s) on the exercise of the Conversion Right of such Convertible Bond(s);

"**Conversion Notice**" means the notice of conversion for use in conversion of the Convertible Bonds which is endorsed on the Certificate in respect of such Convertible Bonds;

"**Conversion Price**" means HK$0.155 per Conversion Share, (subject to adjustments as described in Clause 6(D));

"**Conversion Right**" has the meaning ascribed thereto in Clause 6(A)(i) and which right is subject to the conversion restrictions as set out in Clause 6(A)(iii), and the term "**Conversion Rights**" shall be construed accordingly;

"**Conversion Shares**" means the new Shares to be allotted and issued by the Company upon the exercise of the Conversion Right by the Bondholder(s) attached to the Convertible Bonds;

"**Convertible Bonds**" means the 5-year zero coupon unsecured redeemable convertible bonds due in 2031 in the aggregate principal amount of HK$50,000,000 to be issued by the Company, with the benefit of and subject to the provisions of this Instrument and due on the Maturity Date and the term "**Convertible Bond**" shall be construed accordingly;

"**Director(s)**" means the director(s) of the Company;

"**Events of Default**" refers to such events as set out in Clause 11 and an "**Event of Default**" shall refer to any one of the events set out in Clause 11;

"**Group**" means the Company and its Subsidiaries;

"**HK dollars**" or "**HK$**" means Hong Kong dollars, the lawful currency of Hong Kong;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the PRC;

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

"**Issue Date**" means [●];

"**Listing Committee**" means the listing committee appointed by the Stock Exchange for considering applications for listing and the granting of listing of securities on the Stock Exchange;

"**Listing Rules**" means the Rules Governing the Listing of Securities on the Stock Exchange;

"**Maturity Date**" means, in respect of each Convertible Bond, the date falling on the fifth (5th) anniversary of the Issue Date (both dates inclusive);

"**PRC**" means The People's Republic of China, and for the purpose of this Instrument, does not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

"**Prohibited Transferee(s)**" means any person who (i) is not independent of the Company (and its Subsidiaries) or its Connected Person(s) (unless otherwise permitted under Clause 4(B)), or (ii) is a party Acting in Concert with any person(s) or shareholder(s) of the Company to the effect that any transfer of the Convertible Bond(s) to such transferee(s) and/or the exercise by such transferee(s) of any Conversion Right attaching to the Convertible Bond(s) subject to such transfer will trigger the mandatory offer obligation under Rule 26.1 of the Takeovers Code unless (i) a whitewash waiver is obtained in accordance with the requirement of the Takeovers Code; or (ii) a general offer is made in accordance with the requirement of the Takeovers Code;

"**Register**" means the register of Bondholders as maintained by the Company;

"**Registration Date**" has the meaning ascribed thereto in Clause 6(C)(v);

"**Shares**" means ordinary shares in the capital of the Company, 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;

"**Share Option Scheme(s)**" means the share option scheme(s) adopted and to be adopted by the Company from time to time;

"**Special Resolution**" means a resolution passed at a meeting of the Bondhoilder(s) duly convened and held and carried a majority consisting of not less than three-fourths of the votes cast upon a show of hands, or if a poll is duly demanded, by a majority of not less than three-fourths of the votes cast on a poll;

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

"**Subsidiaries**" has the meaning ascribed thereto in the Listing Rules and the term "**Subsidiary**" shall be construed accordingly;

"**Takeovers Code**" means the Hong Kong Code on Takeovers and Mergers; and

"**%**" means per cent.

(B) Except as otherwise expressly provided, expressions defined in the Companies Ordinance as at the date hereof have the same meanings when used in this Instrument.

(C) 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.

(D) 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.

(E) A reference to Recitals, a Clause or Schedule is to the recitals, a clause of or the schedule to this Instrument.

(F) The headings are for convenience only and do not affect interpretation of this Instrument.

## 2. AMOUNT AND ISSUE OF THE CONVERTIBLE BONDS

(A) Each of the Convertible Bond shall be issued subject to the terms and conditions of this Instrument and shall be binding on the Company and shall enure for the benefit of the Bondholder(s).

(B) The Company shall pay all duties on the issue of the Convertible Bonds and the initial delivery of the Convertible Bonds.

## 3. STATUS, FORM, DENOMINATION AND TITLE OF THE CONVERTIBLE BONDS

(A) Each Convertible Bond constitutes a direct unconditional, unsubordinated and unsecured obligations of the Company and at all times ranks *pari passu* and rateably without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) equally with all other unsecured and unsubordinated obligations of the Company. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by applicable legislation, rank at least equally with all its other present and future unsecured and unsubordinated obligations.

(B) The Convertible Bonds are in registered form in denomination of HK$1,000,000 each, A Certificate will be issued to each Bondholder in respect of its registered holding of the Convertible Bonds. Each Convertible Bond and each Certificate will have an identifying number which will be recorded on the relevant Certificate and in the Register. The Convertible Bonds are not issuable in bearer form.

(C) Title to each Convertible Bond passes by transfer and registration in the Register as described in Clause 4. The Company shall be entitled to treat the registered holder of any Convertible Bond as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or required by law, be bound to recognise any equitable or other claim or interest in such Convertible Bond on the part of any person, whether or not it shall have express or other notice thereof.

(D) Voting rights: The Bondholder(s) are not entitled to attend or vote at any general meetings of the shareholders of the Company by reason only of them being holders of Convertible Bonds.

(E) The Certificate for each Convertible Bond, if held jointly (which shall not exceed two in number in relation to any Convertible Bond) by more than one holder, shall be delivered to one of those joint holders whose name stands first in the Register in respect of the joint holding.

(F) All Certificates shall be issued under common seal of the Company or, where permitted under the applicable law, under a securities seal adopted for that purpose.

## 4. TRANSFER AND REGISTRATION

(A) Registration: The Company will cause to be kept the Register in Hong Kong, on which record shall be made of the name(s) and address(es) of the Bondholder(s) and the particulars of the Convertible Bonds held by them, all transfers of Convertible Bonds, conversion and redemption of Convertible Bonds.

(B) Transfers: Subject to prior notification being given to the Company, the Convertible Bonds are transferable by a transfer in such form as may be approved by the Directors and endorsed on the Certificate and all transfers shall be in integral multiples of HK$1,000,000. No transfer of the Convertible Bond(s) to the Prohibited Transferee(s) will be permissible and in the case of any transfer to a Connected Person of the Company, such transfer will be permitted if the prior written consent of the Company is to be obtained and prior approval of the Stock Exchange (if necessary) and full compliance with the Listing Rules and other relevant laws and regulations, and the Directors shall, at their own opinion and discretion, be entitled to refuse registration of such transfer(s) to the effect that any transfer(s) of the Convertible Bond(s) to the Prohibited Transferee(s) shall be null and void and of no effect under all circumstances. For this purpose, the provisions of Schedule B relating to the transfer, transmission and registration of the Convertible Bonds shall have full effect as if the same have been incorporated herein.

(C) Delivery of New Certificates:

(i) Each new Certificate to be issued upon a transfer of Convertible Bonds will, within five (5) Business Days of receipt by the Company of a duly completed and signed form of transfer, be sent by ordinary uninsured mail at the risk of the holder entitled to the Convertible Bond to the address specified in the form of transfer unless otherwise indicated by the transferee on the form of transfer.

(ii) Where some but not all the Convertible Bonds in respect of which a Certificate is issued are transferred, converted or repaid, a new Certificate in respect of the Convertible Bonds not so transferred, converted or repaid will, within five (5) Business Days of deposit or surrender of the old Certificate with or to the Company's registered office in Hong Kong, be sent by ordinary uninsured mail at the risk of the holder entitled to the Convertible Bond to the address of such holder appearing on the Register unless the Bondholder requested for collection of the same at the registered office of the Company in Hong Kong.

(D) Fees: Registration of transfers of Convertible Bonds will be effected without charge by the Company.

(E) Closed Periods:

(i) The registration of transfers may be suspended and the Register may be closed for such period as the Directors may from time to time direct, PROVIDED THAT the same shall not be closed for a period, or for periods together, of more than sixty (60) days in any one year. Any transfer of the Conversion Rights attached to the Convertible Bonds made while the Register is so closed shall, as between the Company and the person claiming under the relevant transfer of the Convertible Bonds be considered as made immediately after the reopen of the Register.

(ii) No Bondholder may require the transfer of Convertible Bonds to be registered during the period of five (5) Business Days ending on the Maturity Date.

(iii) No transfer of Convertible Bonds shall be registered after the Company has received the Conversion Notice in compliance with Clause 6(C)(i) in respect of such Convertible Bonds.

## 5. INTEREST

The Convertible Bonds do not bear any interest.

## 6. CONVERSION

(A) Conversion at the Option of the Bondholder:

(i) Except as hereinafter provided, the holder of each Convertible Bond shall have the right (the "**Conversion Right**") to convert such Convertible Bond into Conversion Shares, on any Business Day (subject to any applicable laws, rules or regulations and as hereinafter provided) during the period commencing from the Issue Date up to and ending on the third (3rd) Business Day prior to the Maturity Date.

(ii) A Conversion Right may only be exercised in integral multiples of HK$1,000,000. Where a Conversion Right is exercised in respect of part only of the Convertible Bond as represented by a Certificate, the old Certificate shall be cancelled and a new Certificate for the balance thereof shall be issued in accordance with Clause 4(C)(ii) in lieu thereof.

(iii) No Bondholder and parties Acting in Concert with it shall exercise any Conversion Right in the event that the allotment and issuance of the Conversion Shares pursuant to the exercise of any Conversion Right by the Bondholder will result in:

(a) any mandatory offer obligation under Rule 26.1 of the Takeovers Code being triggered by the Bondholder and/or parties Acting in Concert with such Bondholder unless (i) a whitewash waiver is obtained in accordance with the requirement of the Takeovers Code; or (ii) a general offer is made in accordance with the requirement of the Takeovers Code; or

(b) the Company being in breach of any provision of the Listing Rules, including the requirement to maintain any prescribed minimum percentage of the issued share capital of the Company held by the public, and the conversion by the Bondholder shall be restricted until and unless the regulatory requirements under the Listing Rules are fully complied with.

(B) Conversion Formula:

(i) The number of Conversion Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the Convertible Bond being converted by the Conversion Price in effect as at the Conversion Date. Fractions of Conversion Shares will not be issued on conversion of a Convertible Bond, however, a cash adjustment will be made in respect thereof. If the Conversion Right in respect of more than one Convertible Bond is exercised at any one time such that the

Conversion Shares to be issued on conversion are to be registered in the same name, the number of such Conversion Shares to be issued in respect thereof will be calculated on the basis of the aggregate principal amount of the Convertible Bonds being so converted.

(ii) On conversion, the Company will cancel the relevant Convertible Bond and apply the principal amount of such Convertible Bond for the subscription of or in payment for the Conversion Shares credited as paid up in full at the Conversion Price and the Company shall deliver such Conversion Shares as provided in Clause 6(C).

(C) Procedure for Conversion:

(i) *Conversion Notice*: To exercise the Conversion Right attaching to any Convertible Bond, the holder thereof must complete, execute and deliver at his own expense during normal business hours from 9:00 a.m. to 5:00 p.m. at the Company's registered office in Hong Kong the Conversion Notice together with, in the case of an individual, his identity proof, or in the case of a company, its certificate of incorporation, board resolutions or the necessary authority authorising the conversion and such other documents as may be required by the Company, and the original(s) of the Certificate(s) for cancellation. A Conversion Notice deposited outside the normal business hours or on a day which is not a Business Day shall for all purposes be deemed to have been deposited with the Company during the normal business hours on the next Business Day following such day. A Conversion Notice together with such other documents as referred to in this Clause 6(C)(i) once delivered shall be irrevocable unless the Company consents to a withdrawal. The Conversion Right shall be exercised subject to and in compliance with any laws, rules or regulations applicable to the Company and the Bondholder(s).

(ii) *Conversion Date*: The conversion date in respect of a Convertible Bond shall be the date the holder of such Convertible Bond delivers the duly completed and executed Conversion Notice (the "**Conversion Date**") together with such other documents as referred to in Clause 6(C)(i) at the Company's registered office in Hong Kong. For the purpose of this Clause 6(C)(ii), a Conversion Notice is deemed to be delivered to the registered office of the Company in Hong Kong on the date of delivery if by hand and on the fifth (5th) Business Day following the date of the postal stamp if by post. For the avoidance of doubt, a Conversion Notice delivered to the Company shall become null and void if it is not duly completed and executed and/or delivered together with such other documents as referred to in Clause 6(C)(i).

(iii) *Expenses arising from Conversion*: A Bondholder delivering a Convertible Bond for conversion must pay all taxes, duties, levies or government charges or fees (if any) arising by reference to any disposal or deemed disposal of a Convertible Bond in connection with such conversion. The Company will pay all other expenses arising on the issue of the Conversion Shares upon conversion of Convertible Bonds.

(iv) *Despatch of Conversion Shares*: As soon as practicable, and in any event within five (5) Business Days from the Conversion Date, the Company will, for the Convertible Bonds in respect of which a duly completed and executed Conversion Notice together with such other documents as referred to in Clause 6(C)(i) have been delivered, procure to register in the Company's register of members, the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Conversion Shares, and will cause its share registrar to make a certificate or certificates for the relevant number of Conversion Shares available for collection at its offices PROVIDED THAT no Conversion Shares shall be allotted and issued by the Company during the period when the Company's register of members is closed and the Conversion Shares to be allotted and issued in relation to the exercise of the Conversion Right will be issued within five (5) Business Days after the register of members reopens. The Company will, within ten (10) Business Days from the Conversion Date, mail by ordinary uninsured mail (free of charge, but at the risk of the person to whom the certificate or certificates of Shares are sent) a cheque for the cash adjustment in respect of fractions of Conversion Shares (if applicable).

(v) *Registration Date*: The person or persons specified for that purpose in a Conversion Notice deposited in respect of any Convertible Bond will become the holder(s) of record of the number of Conversion Shares issuable upon conversion of such Convertible Bond with effect from the date (the "**Registration Date**") on which the Conversion Shares are allotted to him/it or them. A holder of Conversion Shares issued on conversion of Convertible Bonds shall not be entitled to any rights the record date for which precedes the relevant Registration Date.

(vi) *Retroactive Adjustment of Conversion Price*: Convertible Bonds which are converted will be cancelled by removal of the Bondholder's name from the Register on the relevant Registration Date. If the Conversion Date in relation to any Convertible Bond shall fall (i) on or after a date with effect from which an adjustment to the Conversion Price takes retroactive effect pursuant to any provision in this Clause; and (ii) on a date when the relevant adjustment has not yet been reflected in the then current Conversion Price, the Company will procure that the provisions of this Clause shall be applied, mutatis mutandis, to such number of Conversion Shares as is equal to the excess of the number of Shares that would have been required to be issued upon conversion of such Convertible Bond if the relevant retroactive adjustment had been given effect to as at the said Conversion Date over the number of Shares otherwise required to be issued upon conversion, and in such event and in respect of such number of Shares, references in this Clause to the Conversion Date in respect of such Convertible Bond shall be deemed to refer to the date upon which such retroactive adjustment becomes effective (disregarding the fact that it becomes effective retroactively).

(vii) *Ranking*: The Conversion Shares allotted and issued on conversion will be fully paid and will rank *pari passu* in all respects with, and within the same class as, the Shares in issue on the Registration Date, except that the Conversion Shares so allotted will not rank for any dividend or other distribution declared or paid or made by reference to a record date for the payment of a dividend or other distribution with respect to the Shares on or prior to the Registration Date in respect of the Convertible Bonds converted into such Conversion Shares.

(D) Adjustments of Conversion Price:

(I) Subject as hereinafter provided, the Conversion Price shall from time to time be adjusted in accordance with the following provisions and so that if the event giving rise to any such adjustment shall be such as would be capable of falling within more than one of paragraphs (1) to (7) inclusive of this Clause 6(D)(I) it shall fall within the first of the applicable paragraphs to the exclusion of the remaining paragraphs:

(1) If and whenever there shall be an alteration to the number of issued Shares by reason of any consolidation or subdivision, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

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

where:

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

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

Each such adjustment shall be effective from the close of business on the Business Day immediately preceding the date on which the relevant consolidation or subdivision (as the case may be) becomes effective, PROVIDED THAT, where the Conversion Date shall fall on or before the said Business Day but the Company shall not by the close of business on the said Business Day have allotted the relative Shares in accordance with its obligations hereunder, such adjustment shall, for the purpose of determining the number of Shares to be allotted to the Bondholder in accordance with the Conversion Right, be deemed to have become effective before the Conversion Date.

(2) If and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves, the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{C}{D}$$

where:

C = the aggregate nominal amount of Shares in issue immediately before such issue; and

D = the aggregate nominal amount of Shares in issue immediately after such issue, PROVIDED THAT if the relevant issue of Shares is made as part of an arrangement involving a reduction of capital, the Conversion Price shall be adjusted in such manner as an approved merchant bank or the auditors of the Company shall certify to be appropriate, having regard to the relative interests of the persons affected thereby.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for such issue.

(3) If and whenever the Company shall make (whether on a reduction of capital or otherwise except pursuant to any purchase by the Company of its own shares which is permitted by law and, for so long as the Convertible Bonds are listed on the Stock Exchange, by the rules of the Stock Exchange and in accordance with the provisions of the Company's articles of association) any capital distribution (as defined in Clause 6(D)(II)) to holders of Shares (in their capacity as such) or shall grant to such holders rights to acquire for cash assets of the Company or any of its Subsidiaries, the Conversion Price in force immediately prior to such capital distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{E - F}{E}$$

where:

E = the closing price per Share on the Stock Exchange on the dealing day immediately preceding the date on which the capital distribution or, as the case may be, the grant is publicly announced (whether or not such capital distribution or grant is subject to the approval of the holders of Shares or other persons) or (if there is no such announcement) immediately preceding the date on which the Share is traded ex such capital distribution or, as the case may be, the grant (or, where there is no closing price on such dealing day, the closing price on the dealing day on which there was a closing price immediately preceding the relevant date); and

F = the amount calculated by dividing the fair market value on the day of such announcement or (as the case may require) the day immediately preceding the date on which the Share is traded ex such capital distribution or, as the case may be, the grant, as determined in good faith by an approved merchant bank or the auditors of the Company, of such capital distribution or of such rights by the number of Shares participating in such capital distribution or, as the case may be, in the grant of such rights,

PROVIDED THAT:

(a) if in the opinion of the relevant approved merchant bank or the auditors of the Company, the use of the fair market value as aforesaid produces a result which, having regard to the relative interests of the persons affected thereof, is significantly inequitable, it may instead determine and in such event the above formula shall be construed as if F meant the portion of the said closing price which should, in its opinion, properly be attributed to the value of the relevant capital distribution or rights; and

(b) the provisions of this paragraph (3) shall not apply in relation to the issue of Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for the relevant capital distribution or grant.

(4) If and whenever the Company shall offer to holders of Shares new Shares for subscription by way of rights, or shall grant to holders of Shares any options or warrants to subscribe for new Shares, at a price per new Share which is less than 80% of the market price at the date of the announcement of the terms of the offer or grant (whether or not such offer or grant is subject to the approval of the holders of Shares or other persons), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such issue, offer or grant by the following fraction:

$$\frac{G+H}{G+I}$$

where:

G = the number of Shares in issue immediately before the date of such announcement;

H = the number of Shares which the aggregate of the two following amounts would purchase at such market price:

(a) the total amount (if any) payable for the rights, options or warrants being offered or granted; and

(b) the total amount payable for all of the new Shares being offered for subscription or comprised in the options or warrants being granted; and

I = the aggregate number of Shares issued or comprised in the issue or grant.

Such adjustment shall become effective (if appropriate retroactively) from the commencement of the day next following the record date for the relevant offer or grant.

(5)

(a) If and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carrying rights of conversion for new Shares, and the total Effective Consideration (as defined below) per new Share initially receivable for such securities is less than 80% of the market price at the date of the announcement of the terms of issue of such securities (whether or not such issue is subject to the approval of the holders of Shares or other persons), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{J+K}{J+L}$$

where:

| | |
|---|---|
| J = | the number of Shares in issue immediately before the date of the issue of such securities; |
| K = | the number of Shares which the total Effective Consideration receivable for such securities would purchase at such market price; and |
| L = | the maximum number of new Shares to be issued upon full conversion or exchange of, or the exercise in full of the conversion rights conferred by, such securities at their relative initial conversion or exchange rate or conversion price. |

Such adjustment shall become effective (if appropriate retrospectively) 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 conversion 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.

(b) If and whenever the rights of conversion or exchange attached to any such securities as are mentioned in sub-paragraph (a) above of this paragraph (5) are modified so that the total Effective Consideration per new Share initially receivable for such securities shall be less than 80% of the market price at the date of announcement of the proposal to modify such rights of conversion or exchange, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by following fraction:

$$\frac{M+N}{M+O}$$

where:

| | |
|---|---|
| M = | the number of Shares in issue immediately before the date of such modification; |

N = the number of Shares which the total Effective Consideration receivable for such securities at the modified conversion or exchange rate or conversion price would purchase at such market price; and

O = the maximum number of new Shares to be issued upon full conversion or exchange of, or the exercise in full of the conversion rights conferred by, such securities at their relative modified conversion or exchange rate or conversion price.

Such adjustment shall become effective as at the date upon which such modification shall take effect. A right of conversion or exchange shall not be treated as modified for the foregoing purposes where it is adjusted to take account of rights or capitalisation issues and other events normally giving rise to adjustments of conversion or exchange terms.

(c) For the purposes of this paragraph (5):

(i) the "**total Effective Consideration**" receivable for the relevant securities shall be deemed to be the aggregate consideration receivable by the issuer of such securities for the issue thereof plus the additional minimum consideration (if any) to be received by such issuer and/or the Company (if not the issuer) upon (and assuming) the full conversion or exchange thereof or the exercise in full of the conversion rights attaching thereto; and

(ii) the total Effective Consideration per new Share initially receivable for such securities shall be such aggregate consideration divided by the maximum number of new Shares to be issued upon (and assuming) the full conversion or exchange thereof at the initial conversion or exchange rate or the exercise in full of the conversion rights attaching thereto at the initial conversion price, in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof.

(6) If and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than 80% of the market price at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the date of such announcement by the following fraction:

$$\frac{P + Q}{P + R}$$

where:

P = the number of Shares in issue immediately before the date of such announcement;

Q = the number of Shares which the aggregate amount payable for such issue would purchase at such market price; and

R = the number of Shares allotted pursuant to such issue.

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

(7) If and whenever the Company shall be permitted by law and, by the rules of the Stock Exchange and in accordance with the provisions of its articles of association to purchase and shall make an offer or invitation to holders of Shares to tender for sale to the Company any Shares or if the Company shall purchase any Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange, or any recognised stock exchange, being a stock exchange recognised for this purpose by the Securities and Futures Commission or equivalent authority and the Stock Exchange) and the Directors consider that it may be appropriate to make an adjustment to the Conversion Price, at that time the Directors shall appoint an approved merchant bank or the auditors of the Company to consider whether, for any reason whatever as a result of such purchases, an adjustment should be made to the Conversion Price fairly and appropriately to reflect the relative interests of the persons affected by such purchases by the Company and, if such approved merchant bank or the auditors of the Company shall consider in its opinion that it is appropriate to make an adjustment to the Conversion Price, an adjustment to the Conversion Price shall be made in such manner as such approved merchant bank or the auditors of the Company shall certify to be, in its opinion, appropriate. Such adjustment shall become effective (if appropriate retroactively) from the close of business in Hong Kong on the business day next preceding the date on which such purchase by the Company are made.

(II) For the purposes of Clause 6(D)(I):

"**announcement**" shall include the release of an announcement to the press or the delivery or transmission by telephone, facsimile transmission or otherwise of an announcement to the Stock Exchange;

"**approved merchant bank**" shall mean an independent reputable merchant bank or other reputable financial institution in Hong Kong selected by the Directors;

"**date of announcement**" shall mean the date on which the announcement is first so released, delivered or transmitted and "**announce**" shall be construed accordingly;

"**capital distribution**" shall (without prejudice to the generality of that phrase) include distributions in cash or specie, and any dividend charged or provided for in the accounts for any financial period shall (whenever paid and however described) be deemed to be a capital distribution;

"**issue**" shall include allot;

"**market price**" means the average of the closing prices of one Share on the Stock Exchange for the five (5) consecutive dealing days on each of which there is a closing price ending on the last such dealing day immediately preceding the day on or as of which the market price is to be ascertained;

"**Shares**" includes, for the purposes of Shares comprised in any issue, distribution, offer or grant pursuant to paragraphs (2), (3), (4), (5) or (6) of Clause 6(D)(I), any such shares of the Company as, when fully paid, will be Shares;

"**reserves**" includes unappropriated profits; and

"**rights**" includes rights in whatsoever form issued.

(III) The provisions of paragraphs (2), (3), (4), (5) and (6) of Clause 6(D)(J) 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 the exercise of any rights (including the exercise of the Conversion Right) to acquire Shares;

(ii) an issue by the Company of Shares or by the Company or any Subsidiary of securities wholly or partly convertible into or carrying rights to acquire Shares, in any such case in consideration or in part consideration for the acquisition of any other securities, assets or business;

(iii) an issue of fully-paid Shares by way of capitalisation of all or part of any reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into, or carrying rights to acquire, Shares;

(iv) an issue of Shares pursuant to a scrip dividend scheme where an amount is capitalised and the market value of such Shares in aggregate is not more than 110% of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash, for which purpose the "**market value**" of a Share shall mean the average of the closing prices on the Stock Exchange for the five (5) consecutive trading days on each of which there is a closing price ending on the last such trading day immediately preceding the day on or as of which holders of Shares may, pursuant to such scrip dividend scheme, elect to receive or (as the case may be) not to receive the relevant dividend in cash; or

(v) an issue by the Company of Shares or by the Company or any Subsidiary of securities convertible into or exchangeable for or carrying rights of conversion for Shares (as the case may be) pursuant to the Share Option Scheme(s).

(IV) Notwithstanding the foregoing provisions of this Clause, in any circumstances where the Directors shall consider that an adjustment to the Conversion Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Conversion Price should be made notwithstanding that no such adjustment is required under the foregoing provisions of this Clause or that such adjustment shall take effect on a different date or at a different time from that provided under the said provisions, the Company shall appoint an approved merchant bank or the auditors of the Company to consider whether for any reason whatsoever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank or the auditors of the Company shall consider this to be the case, the adjustment shall be modified or nullified, or an adjustment made instead of no adjustment, in such manner (including, without limitation, making an adjustment calculated on a different basis) and/or the adjustment shall take effect on a different date and/or time as shall be certified by such approved merchant bank or the auditors of the Company to be in its opinion appropriate.

(V) Any adjustment to the Conversion Price shall be made to the nearest 0.1 cent (HK$0.0005 or more being rounded up) and in no event shall any adjustment (otherwise than upon the consolidation of Shares or upon a repurchase of Shares) involve an increase in the Conversion Price. In addition to any determination which may be made by the Directors, every adjustment to the Conversion Price shall, save as otherwise expressly provided herein, be certified either (at the option of the Company) by the auditors of the Company or by an approved merchant bank or the auditors of the Company.

(VI) Notwithstanding anything contained in this Instrument or the Certificates, no adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of this Clause would be less than 1% and any adjustment that would otherwise be required then to be made shall not be carried forward.

(VII) Whenever the Conversion Price is adjusted as herein provided, the Company shall give notice to the Bondholders that the Conversion Price has been adjusted (setting forth the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof) and shall at all times until Conversion Date make available for inspection by Bondholders at its registered office in Hong Kong or such other place as may be notified to the Bondholders from time to time where copies of the same may be obtained, a signed copy of the said certificate of the auditors of the Company or (as the case may be) of the relevant approved merchant bank or the auditors of the Company and a certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof and shall, on request, send a copy thereof to any Bondholder.

(VIII) If the Company or any Subsidiary shall in any way modify the rights attached to any share or loan capital so as wholly or partly to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire, Shares, the Company shall appoint an approved merchant bank or the auditors of the Company to consider whether any adjustment to the Conversion Price is appropriate (and if such approved merchant bank or the auditors of the Company shall certify that any such adjustment is appropriate the Conversion Price shall be adjusted accordingly and the provisions of Clause 6(D)(V), (VI) and (VID) shall apply).

(E) Restrictions to Protect Conversion Right:

As from the date of the Instrument and until the Maturity Date:

(i) save as provided in Clause 6(D)(I)(3), the Company shall not (unless it gives rise, or would but for Clause 6(D)(IV) or (V) give rise, to an adjustment of the Conversion Price as provided in Clause 6(D)) make any capital distribution (as defined in Clause 6(D)(II);

(ii) the Company shall not in any way modify the rights attaching to the Shares as a class or attach any special restrictions thereto except where such modification shall, in the reasonable opinion of the approved merchant bank or the auditors of the Company, not in anyway have a material adverse effect on the rights of the Bondholders;

(iii) the Company shall not issue or pay up any securities by way of capitalisation of profits or reserves other than (a) by the issue of fully-paid Shares to holders of its Shares or (b) as mentioned in Clause 6(D)(IID(ii) by the issue of Shares pursuant to a scrip dividend scheme in the manner referred to in Clause 6(D)(III)(iii);

(iv) the Company shall not create or permit to be in issue any equity share capital other than Shares, PROVIDED THAT nothing in this paragraph (iv) shall prevent (a) any consolidation or sub-division of the Shares or (b) the issue of any equity share capital which does not participate in dividend before a certain date or in respect of a certain financial period but is *pari passu* in all other respects with the Shares or (c) the issue of equity share capital to executive directors or employees of the Company or any of its Subsidiaries pursuant to the Share Option Scheme(s);

(v) the Company shall procure that, without the consent of a Special Resolution, (a) no securities (whether issued by the Company or any other company) shall be converted into or exchanged for Shares otherwise than in accordance with the terms of issue thereof (save to the extent that any of such terms has been amended by, or as a result of any change in, or the bringing into force of, any Hong Kong law occurring after the issue of the relative securities), (b) no securities (whether issued by the Company or any other company) issued without rights to convert into or be exchanged for Shares shall subsequently be granted such rights and (c) at no time shall there be in issue Shares of differing nominal values.

## 7. PAYMENTS

(A) Principal: Payment of principal due in respect of a Convertible Bond will be paid to the designated bank account of the Bondholders or made by cheque payable to the Bondholders (or to such other nominees as the Bondholders have by two (2) Business Days' prior written notice specified to the Company) and drawn on a bank in Hong Kong mailed to the registered address of the Bondholder.

(B) Applicable Laws: All payments are subject in all cases to any laws, rules and regulations applicable to the Company or the Bondholder (as the case may be), but without prejudice to the provisions of Clause 9. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(C) Delay in Payment: Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Bondholder is late in surrendering its Convertible Bond (if required to do so) or if a cheque mailed in accordance with this Clause arrives after the due date for payment.

(D) Partial Payment: If the amount of principal which is due on the Convertible Bonds is not paid in full, the Company will annotate the register of Bondholders with a record of the amount of principal in fact paid.

(E) Registered Address: For the purpose of this Clause, a Bondholder's registered address means its address appearing on the Register as at the relevant time.

## 8. REDEMPTION AND CANCELLATION

(A) Maturity: Unless previously converted or cancelled as herein provided, all Convertible Bonds shall be redeemed at 100% of the principal amount outstanding on the Maturity Date and any other outstanding amount due but unpaid under the Convertible Bonds (if any). The price for such redemption shall be paid to the designated bank account of the Bondholder or by Hong Kong dollars cheque payable to the Bondholder on the Maturity Date.

(B) Redemption at the Option of the Company: The Company may, at any time during the period commencing from the beginning of the thirteenth month from the Issue Date up to the Maturity Date, having given not less than thirty (30) days' notice (which notices shall be irrevocable) (the "**Redemption Notice**") to the Bondholder in accordance with Clauses 8(E) and 16, redeem the Convertible Bonds then outstanding in integral multiple of HK$1,000,000 on the date specified in the Redemption Notice in accordance with Clause 8(E) at 100% of the outstanding principal amount of the Convertible Bonds to be redeemed.

(C) Cancellation on Redemption: Certificate(s) with respect to the Convertible Bonds which are redeemed by the Company will forthwith be cancelled. Certificates in respect of all Convertible Bonds are deemed to be cancelled forthwith on the Maturity Date the principal and such Convertible Bonds may not be reissued or resold.

(D) Redemption Notice: All Redemption Notices to Bondholders given by or on behalf of the Company pursuant to this Clause 8 will specify the date fixed for redemption, the outstanding principal amount of the Convertible Bonds subject to redemption and the redemption price.

(E) Conversion after the issuance of a Redemption Notice: Upon receiving a Redemption Notice referred to in Clause 8(D), a Bondholder shall no longer be entitled to exercise the Conversion Right in respect of the Convertible Bonds in respect of the outstanding principal amount to be redeemed. Any outstanding principal amount of the Convertible Bonds not subject to the Redemption Notice can be converted in the manner provided in Clause 6.

9. **TAXATION**

(A) All payments in respect of the Convertible Bonds shall be made without deduction or withholding for or account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Hong Kong or any political subdivision thereof or by any authority thereof or therein having power to impose or levy such taxes, duties, assessments or governmental charges, unless such deduction or withholding is required by law. In the event that any such deduction or withholding in respect of principal is required by law, the Company shall pay such additional amounts by way of principal and premium (if any) as will result in the receipt by the Bondholder(s) of the amounts which would have been receivable as if there is no such deduction or withholding, except that in this case no such additional amounts shall be payable in respect of any Convertible Bond:

(i) to, or on behalf of, a holder who is subject to such taxes, duties, assessments or governmental charges in respect of such Convertible Bond by reason of his being connected with Hong Kong otherwise than merely by holding such Convertible Bond or by the receipt of principal or premium (if any) in respect of the Convertible Bond; or

(ii) if the Certificate in respect of such Convertible Bond is surrendered (in the case of payment of principal) more than thirty (30) days after the relevant date except that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such 30-day period.

For this purpose, the "**relevant date**" in relation to any Convertible Bond means (a) the due date for payment in respect thereof, or (b) (if the full amount of the monies payable on such due date has not been received in Hong Kong by the Company on or prior to such due date) the date on which notice is duly given. to the Bondholder(s) that such monies have been so received.

Any reference herein to principal and/or premium in respect of the Convertible Bond shall be deemed to include any additional amounts which may be payable under this Clause or under any obligations undertaken in addition thereto or in substitution therefor pursuant to this Instrument.

10. **UNDERTAKINGS**

(A) General Undertakings:

The Company hereby covenants that, whilst any Conversion Right remains exercisable, the Company will:

(i) reserve and keep available for issue, free from pre-emptive or other similar rights, out of its authorised but unissued capital such number of Shares as would be required to be issued upon conversion in full of all Conversion Right and to satisfy in full all other rights for the time being outstanding of conversion or exchange for, or conversion into, Shares, and shall ensure that all Conversion Shares allotted in accordance with the Conversion Right will be duly and validly issued fully paid;

(ii) issue Conversion Shares to Bondholder(s) on exercise of Conversion Right and ensure that at all times it has the ability to issue free from pre-emptive rights such number of Conversion Shares as would enable the Conversion Right and all other rights of subscription and exchange for and conversion into Shares to be satisfied in full;

(iii) not in any way modify the rights attaching to the Shares with respect to voting, dividends or liquidation nor issue or permit to be in issue any other class of equity share capital carrying any rights which are more favourable than such rights but so that nothing in this paragraph (iii) shall prevent the following actions (but in no event limited to the following): (a) the issue of any equity share capital to employees (including directors and officers) whether of the Company or any of its Subsidiary or associated companies pursuant to the Share Option Scheme(s), or (b) any consolidation or subdivision of the Shares or the conversion of any Shares into stock or vice versa, or (c) any modification of such rights which is not, in the opinion of an approved merchant bank or the auditors of the Company acting as an expert reasonably selected by the Company, to be materially prejudicial to the interests of the holders of the Convertible Bonds, or (d) without prejudice to any applicable rule of law or legislation, the conversion of Shares into, or the issue of any Shares in, uncertificated form or the amendment of the articles of association of the Company to enable title to securities of the Company (including the Shares) to be evidenced and transferred without a written instrument or any other alteration to the articles of association of the Company made in connection with the matters described in this paragraph (iii) or which is supplemental or incidental to any of the foregoing (including any amendment made to enable or facilitate procedures relating to such matters and any amendment dealing with the rights and obligations of holders of securities, including the Shares, dealt with under such procedures), or (e) any issue of equity share capital (including but not limiting to the Shares) where the issue of such equity share capital results in an adjustment of the Conversion Price or would not give rise to any adjustment by reason of the operation of the relevant adjustment provision;

(iv) if any offer is made to all (or as nearly as may be practicable all) shareholders of the Company other than the offeror and/or any associates of the offeror to acquire all or a majority of the outstanding share capital of the Company, or if any person proposes a scheme with regard to such acquisition, give notice of such offer or scheme to the Bondholder(s) in accordance with Clause 16 at the same time as any notice thereof is sent to its shareholders (or as soon as practicable thereafter) stating that details concerning such offer or scheme may be obtained from the Company's registered office in Hong Kong and, where such an offer or scheme has been recommended by the board of directors of the Company, use its reasonable endeavours to procure that a like offer or scheme is extended to the holders of any Shares issued during the period of the offer arising out of the exercise of the Conversion Right and/or to the Bondholders; and

(v) use its reasonable endeavours to maintain the listing of the Shares on the Stock Exchange and to ensure that the Conversion Shares shall be admitted to listing on the Stock Exchange.

## 11. EVENTS OF DEFAULT

If any of the following events occurs and is continuing, if so requested in writing by a Bondholder or a group of Bondholders in aggregate holding not less than 66% of the outstanding principal amount of the Convertible Bonds, any Bondholder shall, give notice to the Company that the Convertible Bonds are, and they shall accordingly thereby forthwith become, immediately due and payable if:

(i) *Non-payment:* the Company fails to pay the principal on any of the Convertible Bonds when due and such failure continues for a period of fourteen (14) days; or

(ii) *Breach of Other Obligations:* the Company fails to perform or comply with any of its other obligations under the Convertible Bonds or this Instrument which default is not remedied within thirty (30) days after notice requiring the same to be remedied is served by the Bondholder at the request of any Bondholder or group of Bondholders holding not less than 66% of the outstanding principal amounts of the Convertible Bonds on the Company; or

(iii) *Cross-Default:* (i) any other present or future indebtedness of the Company or any Subsidiary for or in respect of moneys borrowed or raised is declared or becomes due and payable prior to its stated maturity by reason of an event of default (however called or described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Company or any Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised; PROVIDED THAT any single amount or the aggregate amount of the indebtedness becoming due and payable under (i) above, and/or any single amount or aggregate amount of the indebtedness not paid when due, or as the case may be, within any applicable grace period under (ii) above and/or any single amount or the aggregate amount not paid when due under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised under (iii) above, equals or exceeds HK$5,000,000 and HK$10,000,000 respectively; or

(iv) *Enforcement Proceedings:* a distress, attachment, execution or other legal process (the "**Actions**") is levied, enforced or sued out on or against the whole or any part of the property, assets or revenues of the Company or any Subsidiary which, in the reasonable opinion of the Bondholders, has or would have a material adverse effect on the Company or such Subsidiary and is not discharged or stayed within 45 days (or such longer period as the Bondholders may consider to be reasonably appropriate) unless, but only so long as, the Bondholders are satisfied that the Actions are being contested in good faith, diligently and with a reasonable prospect of success. For the avoidance of doubt, the reference to the opinion or decision of the Bondholders in this Clause 11(iv) refers to the opinion or decision of the Bondholders duly resolved at the meeting of the Bondholders convened in the manner set out in Schedule C; or

(v) *Insolvency:* the Company or any Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or insolvent or unable to pay its debts as and when they fall due; stops, suspends or threatens to stop or suspend payment of all or substantially all of its debts;

makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any part which it will or might otherwise be unable to pay when due); or

(vi) *Winding-up:* an order of a court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution or administration (or equivalent procedure) of the Company or any Subsidiary, or the directors of the Company or any Subsidiary request any person to appoint an administrator (or equivalent person), or the Company ceases or threatens to cease to carry on all or a material part of its business or operations; except in any case, however, for the purpose of or in connection with a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms previously approved by a Special Resolution of the Bondholder(s), or (ii) in the case of a Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred or distributed to or otherwise vested in the Company or another one or more of its Subsidiaries, or by way of a voluntary winding up or dissolution where there are surplus assets in such Subsidiary and such surplus assets which are attributable to the Company and/or any other Subsidiaries are distributed to the Company and/or such other Subsidiaries; or

(vii) *Appointment of Receiver:* an administrative or other receiver or any manager (or equivalent person) is duly appointed of the Company or any Subsidiary or the directors of the Company or any Subsidiary request any person to appoint such an administrative or other receiver or manager (or equivalent person) over either of them or any of their respective assets or properties, unless it is in the opinion of the Bondholders (which shall be duly resolved at the meeting of the Bondholders convened in the manner set out in Schedule C) that, in the case only of such action having been commenced by a creditor of the Company or any Subsidiary, as the case may be, it is discharged within thirty (30) days of the commencement of such proceedings or the appointment as aforesaid; or

(viii) *Suspended Trading:* the listing of the Company on the Stock Exchange is at any time terminated, or its Shares suspended for trading for a period of more than twenty (20) consecutive trading days and the Company is unable to provide a reason therefor.

**12. ENFORCEMENT**

At any time after the Convertible Bonds shall have become due and payable, the Bondholder(s) may, at their discretion and without further notice, take such proceedings against the Company as the Bondholder(s) may think fit to enforce repayment of the Convertible Bonds to enforce the provisions of this Instrument. For the purpose of this Clause 12, the rights of the Bondholder(s) under this Instrument are several. No delay or omission on the part of any Bondholder(s) in exercising any right, power or remedy provided in this Instrument or any documents referred to herein shall impair such right, power or remedy or operate as a waiver thereof.

**13. MEETINGS OF BONDHOLDERS**

The provisions of Schedule C relating to the meeting and voting procedures shall have full effect as if the same have been incorporated herein.

**14. MODIFICATIONS**

(A) Any modification to this Instrument and/or any of the Clauses may be effected only by deed poll, executed by the Company and expressed to be supplemental hereto, and only if it shall first have been sanctioned by a Special Resolution of the Bondholder(s). For the avoidance of doubt, the Company acknowledges that nothing in this Clause confers on the Company the power to amend this Instrument or the terms hereof which would result in the Convertible Bonds being subject to less favourable terms and/or treatments than those set out in this Instrument, save and except such amendment(s) having obtained the prior sanction of the Bondholder(s) by a Special Resolution and if required, the shareholders of the Company and in compliance with the Listing Rules.

(B) A memorandum of every such supplemental deed poll shall be endorsed on this Instrument.

(C) Notice of every modification to this Instrument shall promptly be given to the Bondholder(s).

## 15. REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the Company's registered office in Hong Kong upon payment by the claimant of such costs and expenses as may be incurred in connection therewith by the Company and on such terms as to evidence and indemnity as the Company may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## 16. NOTICES

(A) Every Bondholder shall register with the Company an address and a facsimile number in Hong Kong or elsewhere to which notices can be sent. The provisions of the Company's articles of association relating to service of notices on members of the Company shall apply mutatis mutandis, to service of notice on Bondholders and shall have full effect as if the same had been incorporated herein.

(B) Any notice or communication required to be given to the Company shall be in writing and shall be delivered personally or sent by registered or recorded delivery post, postage prepaid to the Company at the address set out below or such other address as may have been last notified in writing by or on behalf of the Company to the Bondholders. Any such notice or communication shall be deemed to be served at the time, if delivered personally, when the same is handed to or left at the address of the Company to be served; if served by prepaid registered/recorded delivery post, forty-eight (48) hours from the time of posting (or in case of overseas, five (5) days from the date of posting) subject as provided below. In proving service or making of any notice or communication given to the Company it will be sufficient to prove, in the case of a letter, that such letter was properly stamped, addressed and placed in the post.

To the Company:

| | |
|---|---|
| Address: | Level 28, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong |
| Email: | cs@biosysen.bio |
| Attention: | Board of Directors |

## 17. OVERSEAS BONDHOLDERS

If a Bondholder has a registered address in any territory other than Hong Kong where, in the opinion of the Directors, the allotment of Conversion Shares to such Bondholder upon exercise of any Conversion Rights would or may be in the absence of compliance with registration or any other special formalities in such territory, be unlawful or impracticable under the laws of such territory or Hong Kong, then such Bondholder shall, as soon as practicable but at least three Business Days prior to the date of allotment of the Conversion Shares, after its/his exercise of any Conversion Rights, duly appoint and authorise a nominee in Hong Kong to hold such Conversion Shares on its or his behalf such that the allotment and issue of such Conversion Shares by the Company will not result in the Company having required to comply or contravene with any applicable laws, rules and regulations (including any securities laws, rules and regulations) in a jurisdiction that such Bondholder will be subject to. For this purpose, the Bondholder shall ensure that such nominee shall complete and execute the relevant transfer or other documents on its or his behalf and shall generally make all arrangements which appear to it to be necessary or appropriate in connection therewith. In the event that the Company shall be required to comply with or shall contravene any applicable laws, rules and regulations in any jurisdiction that the Bondholder is subject to as a result of the allotment and issue of the Conversion Shares to the Bondholder or its or his nominee, the Bondholder undertakes to pay the Company all costs and expenses (including legal fees and other fees and charges) incurred by the Company.

## 18. EXPENSES

All costs and out-of pocket expenses such as legal fees and other fees and charges in relation to the execution of this Instrument, the creation and initial issue of the Convertible Bonds in the registered form, the exercise of the Conversion Rights and the issue of the Conversion Shares upon the exercise of the Conversion Rights and ail reasonable costs and expenses arising out of any claims or proceedings which are resulted from the wilful default or gross negligence on the part of the Company shall be borne by the Company.

## 19. GOVERNING LAW AND JURISDICTION

The Convertible Bonds, including the Certificates and this Instrument, shall be governed by and construed in accordance with the laws of Hong Kong and the Bondholder(s) and the Company hereby submit to the non-exclusive jurisdiction of the Hong Kong courts in connection therewith.

*[The remainder of this page has been intentionally left blank.]*

# SCHEDULE A

## FORM OF CERTIFICATE

Certificate no.:

Identifying no.:

**Biosysen Limited**

*(an exempted company incorporated in the Cayman Islands with limited liability)*

**HK$50,000,000 5-year zero coupon unsecured redeemable convertible bonds**

The Convertible Bonds or Convertible Bond in respect of which this Certificate is issued, the identifying numbers of which are noted below, are in registered form and form part of a series designated as specified in the title (the "**Convertible Bonds**") of Biosysen Limited (the "**Company**") on the terms and conditions set out in the Instrument. The Convertible Bonds are subject to, and have the benefit of, the terms and conditions in the Instrument, which is enforceable severally by each Bondholder against the Company insofar as each holder of the Convertible Bonds is concerned. Copies of the Instrument and the articles of association of the Company will be available for inspection by Bondholders at the registered office for the time being in Hong Kong of the Company. Bondholders will be deemed to have notice of all the provisions contained in the Instrument and may obtain copies thereof upon written request to the Company.

The Company hereby certifies that the person whose name and address is specified below is, at the date hereof, entered in the register of Bondholders as the holder of Convertible Bond in the principal amount indicated below:

| **Folio** | **Bondholder and address** | **Principal amount of Convertible Bonds** | **Identifying no.** | **Transfer no.** | **Date of issue** |
|---|---|---|---|---|---|
| | | | | | |

The Convertible Bonds in respect of which this Certificate is issued are convertible into fully paid ordinary shares of the Company subject to and in accordance with the Conditions and the Instrument.
This Certificate is evidence of entitlement only. Title to the Convertible Bonds passes only on due registration on the register of Bondholders and only the duly registered holder is entitled to payments on the Convertible Bonds in respect of which this Certificate is issued.
The Convertible Bonds in respect of which this Certificate is issued are subject to restrictions on transfer and may be transferred only if the terms and conditions specified in Clauses 3 and 4 of the Instrument have been complied with.
This Certificate shall not be valid for any purpose until signed by two directors of the Company.
This Certificate is governed by, and shall be construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China.

**Biosysen Limited**
by:

____________________
Director

____________________
Director

**FORM OF TRANSFER**

FOR VALUE RECEIVED the undersigned (the "**Transferor**") hereby transfers to
*(Name)*____________________________ (the "**Transferee**")
*(Address)*____________________________
HK$____________ principal amount of the Convertible Bond in respect of which the attached Certificate is issued, and all rights in respect thereof and irrevocably request Biosysen Limited to transfer the aforesaid principal amount of the Convertible Bonds on the Register. All payments in respect of the principal amount of the Convertible Bonds transferred from the date hereof are to be made to the Transferee, the particulars of which are as follows:

Name of Transferee : ____________________

Address : ____________________

Occupation : ____________________

**CONVERSION NOTICE**

Subject to the terms and conditions set out in this Instrument, the undersigned hereby irrevocably requires Biosysen Limited to convert the Convertible Bond specified below into ordinary shares of the Company in accordance with the Conditions and the terms below.

Principal amount of the Convertible Bond: ____________________
Principal amount of Convertible Bond to be converted: ____________________
Conversion Price: ____________________ (to be determined per the Instrument)
Name in which Shares to be registered: ____________________
Address of registered shareholder: ____________________
Signature of Bondholder: ____________________
Name of Bondholder: ____________________
Address of Bondholder: ____________________
Delivery instructions: Name: ____________________

BR No. / Incorporation No. / HKID / Passport No. : ____________________

Dated: ____________________

____________________
Transferor's signature

____________________
Transferee's signature

____________________
Name of Transferor
(in block letters)

____________________
Name of Transferee
(in block letters)

*Notes:*

1. *A representative of the Bondholder should state the capacity in which he signs (e.g. director) and attached hereto a copy of resolution or power of attorney as certified by an accountant, a legal practitioner within the meaning of the Legal Practitioner Ordinance or a notary public.*
2. *The signature of the person effecting a transfer shall confirm to any list of duly authorised specimen signatories supplied by the registered holder or be certified by an accountant, a legal practitioner within the meaning of the Legal Practitioner Ordinance or a notary public or in such other manner as the Company may require.*
3. *In the case of joint holders, all joint holders must sign this transfer form.*
4. *The signatory to this transfer must correspond to the name as it appears on the face of the attached Convertible Bond.*
5. *Certificate of Convertible Bond will be sent to the Transferee to the address set out herein by ordinary mail at the risk of the Transferee unless the Transferee choose to collect the certificate in person by indicating at the box below.*

☐ Transferee who wishes to collect the certificate of the Convertible Bond in person, please "✓" the box here. Transferee collecting the certificate of Shares in person shall bring along the Hong Kong Identity Card or passport, and a letter of authorisation from the Transferee in case of a corporate body.

Address: ____________________

☐ Bondholder who wishes to collect the certificate of Shares and/or cheque for the fractional shares (if any) in person, please "✓" the box here. Bondholder collecting the certificate of Shares and/or cheque for the fractional shares (if any) in person shall bring along the Hong Kong Identity Card or passport, and a letter of authorisation from the Bondholder in case of a corporate body and attend on the fifth business day from the date hereof.

☐ Bondholder who wishes to collect the certificate in respect of the part of the Convertible Bond not converted in person, please "✓" the box here. Bondholder collecting the certificate of Shares in person shall bring along the Hong Kong Identity Card or passport, and a letter of authorisation from the Bondholder in case of a corporate body.

*Notes:*

1. *Defined terms used in this Notice have the same meanings as given to them in the Instrument.*
2. *Certificate of Shares and/or Convertible Bonds will be sent to the Bondholder to the address set out herein by ordinary mail at the risk of the Bondholder unless the Bondholder choose to collect the certificate(s) in person by indicating at one or both boxes above.*
3. *Subject to the terms and conditions set out in the Instrument, a Conversion Notice once delivered is irrevocable. The conversion of the Convertible Bond may be restricted in situations set out in the Instrument and the Bondholder shall not convert the Convertible Bond under such circumstances.*

# SCHEDULE B

## PROVISIONS AS TO TRANSFER, TRANSMISSION AND OTHER MATTERS

1. The Company shall be entitled to treat the registered holder of any Convertible Bond as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or as required by law, be bound to recognise any equitable or other claims to or interest in such Convertible Bond on the part of any other person whether or not it shall have express or other notice thereof.

2. The Convertible Bonds are transferable by a transfer in such form as may be approved by the Directors and endorsed on the Certificate.

3. The form of transfer of the Convertible Bonds shall be signed by or on behalf of the transferor and the transferee and the transferor shall be deemed to remain the holder of the relevant Convertible Bonds until the name of the transferee is entered in the Register in respect thereof.

4. The Register may be closed for such period as the Directors may from time to time direct, but so that the same may not be closed for a period, or for periods together, longer than sixty (60) days in any one year.

5. Any transfer made while the Register is so closed shall, as between the Company and the person claiming under the transfer (but not otherwise), be considered as made immediately after the reopening of the Register.

6. The registration of a transfer shall be conclusive evidence of the approval by the Directors thereof.

7. In the case of the death of a Bondholder, the survivor(s) (where the deceased was a joint holder) or the executors or administrators of the deceased (where he was a sole or only surviving joint holder), shall be the only person(s) recognised by the Company as having any title to his Convertible Bonds, but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any Convertible Bond solely or jointly held by him.

8. Subject to any other provision herein contained, any person becoming entitled to a Convertible Bond in consequence of the death or bankruptcy (in the case of individual) or the liquidation or winding-up (in the case of a company) of a Bondholder or otherwise than by transfer may, upon producing such evidence of title as the Directors shall require, and subject as hereinafter provided, be registered himself or itself as the holder of the relative Convertible Bond.

9. Subject to any other provision herein contained, if the person so becoming entitled shall elect to be registered himself or itself, he or it shall deliver or send to the Company a notice in writing signed by him or it stating that he or it so elects. All the limitations, restrictions and provisions herein contained relating to the right of transfer and the registration of transfers of the Convertible Bonds shall be applicable to any such notice of transfer as aforesaid as if the death or bankruptcy (in the case of individual) or the liquidation or winding-up (in the case of a company) of the

Bondholder had not occurred and the notice of transfer were a transfer executed by such Bondholder.

10. A person becoming entitled to a Convertible Bond in consequence of the death or bankruptcy (in the case of individual) or the liquidation or winding-up (in the case of a company) of a Bondholder shall be entitled to receive and may give good discharge for any monies payable in respect thereof, but shall not be entitled to receive notices of or to attend or vote at meetings of the Bondholders or, save as aforesaid, to any of the rights or privileges of a Bondholder until he or it shall have become a Bondholder in respect of the relative Convertible Bond unless otherwise permitted by the applicable laws.

11. Every Bondholder shall register with the Company an address to which notices to be given to such Bondholder may be sent and if any Bondholder shall fail so to do notice may be given to such Bondholder by sending the same in any of the manners hereinafter mentioned to his last known place of business or residence or, if there be none, by posting the same for three (3) days at the registered office of the Company in Hong Kong.

12. A notice may be given by delivery, prepaid letter (airmail in the case of an overseas address) or facsimile transmission.

13.

(a) A notice delivered to the registered address of a Bondholder shall be deemed to have been served at the time of delivery.

(b) A notice sent by prepaid letter to any address within the same country shall be deemed to have been served on the second Business Day (or if to any address in a different country, the fifth Business Days) following its posting.

(c) A notice sent by facsimile transmission shall be deemed to have been served upon despatch to the facsimile number of the recipient, with the production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient.

(d) In the case of a notice sent by prepaid letter, in proving service thereof it shall be sufficient to prove that the envelope or wrapper containing the notice was properly addressed and stamped and was deposited in a post box or at the post office.

14. All notices with respect to any Convertible Bond standing in the names of joint holders may be given to whichever of such persons is named first in the Register in respect of the relevant Convertible Bond and notice so given shall be sufficient notice to all the holders of such Convertible Bond.

15. Any person who by operation of law, transfer or other means whatsoever shall become entitled to any Convertible Bond shall be bound by every notice in respect of such Convertible Bond which previously to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such Convertible Bond.

16. Any notice or document delivered or sent by post or left at the registered address of any Bondholder as registered in the Register in pursuance of these presents shall, notwithstanding that such Bondholder may be then deceased and whether or not the Company has notice of his

decease, be deemed to have been duly served in respect of any Convertible Bond, whether held solely or jointly with other persons, by such Bondholder until some other person be registered in his stead as the holder or joint holder thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his executors or administrators and all persons (if any) jointly interested with him in such Convertible Bond.

17. When a given number of days' notice or notice extending over any other period is required to be given, the day of service shall, but the day upon which such notice will expire shall not, be included in such number of days or other period. The signature to any notice to be given by the Company may be written or printed.

# SCHEDULE C

## MEETINGS OF BONDHOLDERS

(A) The Company at any time may, and shall within fourteen (14) days upon a request in writing of the Bondholders holding not less than one-tenth in value of the Conversion Right for the time being, convene a meeting of the Bondholders.

(B) At least fourteen (14) days' notice of any meeting of the Bondholders shall be given to the Bondholders. The notice shall specify the day, time and place of the meeting and the terms of the resolutions to be proposed. The accidental omission to give notice to, or the non-receipt of notice by, any of the Bondholders shall not invalidate the proceedings at any meeting.

(C) A person (who may, but need not be, a Bondholder) nominated in writing by the Bondholders shall be entitled to take the chair at every such meeting but if no such nomination is made or if at any meeting the person nominated shall not be present within fifteen minutes after the time appointed for the holding of such meeting the Bondholders present shall choose one of their members to be chairman.

(D) At any such meeting two or more persons holding Convertible Bonds and/or being proxies and being or representing in the aggregate the holders of over 50% of the outstanding principal amount of the Convertible Bonds for the time being shall form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of and throughout each meeting.

(E) If within half an hour after the time appointed for any meeting a quorum is not present, the meeting shall, if convened upon the requisition of Bondholders, be dissolved. In any other case it shall stand adjourned for such period, not being less than fourteen (14) days nor more than twenty-eight (28) days, and to such time and place, as may be appointed by the chairman. At such adjourned meeting two or more persons present in person holding Convertible Bonds or being proxies (whatever the value of the Conversion Right represented by the Convertible Bonds so held or represented) shall (except for the purpose of passing a Special Resolution) form a quorum and shall have the power to pass any resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had a quorum been present at such meeting. The quorum at any such meeting for the passing of a Special Resolution shall be two or more persons holding the Convertible Bonds or being proxies and being or representing in the aggregate holders of not less than 50% of the outstanding principal amount of the Convertible Bonds.

(F) The chairman may with the consent of (and shall if directed by) any meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

(G) At least ten (10) days' notice of any meeting adjourned through want of a quorum shall be given in the same manner as of an original meeting, and such notice shall state the quorum required at such adjourned meeting. Subject as aforesaid, it shall not be necessary to give any notice of an adjourned meeting.

(H) Every question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which the chairman may be entitled as a Bondholder or as a proxy.

(I) At any meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman or by one or more persons holding one or more Convertible Bonds or being proxies and being or representing in the aggregate the holders of not less than 10% in value of the Conversion Right for the time being, a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by any particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

(J) If at any meeting a poll is so demanded, it shall be taken in such manner and, subject as hereinafter provided, either at once or after any adjournment, as the chairman directs, and the result of such poll shall be deemed to be the resolution as at the date of the meeting at which the poll was demanded. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

(K) Any poll demanded at any meeting on the election of a chairman or on any question of adjournment shall be taken at the meeting without adjournment.

(L) The Company (through its representative) and legal and financial advisers shall be entitled to attend and speak at any meeting of the Bondholders. Save as aforesaid, no person shall be entitled to attend, speak or vote at any meeting of the Bondholders or to join with others in requesting the convening of such a meeting unless he or it is a Bondholder or the duly authorised representative of a corporate Bondholder or a duly appointed proxy. Neither the Company nor any Subsidiary shall be entitled to vote, whether on a show of hands or on a poll, in respect of Convertible Bonds held by it or on its behalf nor shall the holding of any such Convertible Bonds count towards a quorum.

(M) Subject as provided in paragraph (L) above at any meeting:

(i) on a show of hands every Bondholder who is present in person or (in the case of a corporation) by a duly authorised representative and every person who is a proxy shall have one vote; and

(ii) on a poll every Bondholder who is present in person or by proxy as aforesaid shall have one vote in respect of each whole unit of HK$1,000,000 in value of Conversion Right represented by all of the Convertible Bonds held by him, any fraction of the said unit of HK$1,000,000 being disregarded. Any person entitled to more than one vote need not use all his or its votes or cast all the votes to which he or it is entitled in the same way. The provisions of the Company's articles of association relating to voting by joint holders and the Company's Shares shall apply, mutatis mutandis, to joint Bondholders.

(N) A proxy need not be a Bondholder.

(O) A meeting of the Bondholders shall in addition to all other powers (but without prejudice to any powers conferred on other persons by these presents) have the following powers exercisable by Special Resolution, namely:

(i) power to sanction any compromise or arrangement proposed to be made between the Company and the Bondholders or any of them;

(ii) power to sanction any proposal by the Company for modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Bondholders against the Company whether such rights shall arise under the terms and conditions of this Instrument or otherwise;

(iii) power to sanction any proposal by the Company for the exchange or substitution for the Convertible Bonds of, or the conversion of the Convertible Bonds into, shares, stock, bonds, debentures, debenture stock or other obligations or securities of the Company or of any other body corporate formed or to be formed;

(iv) power to assent to any modification of the provisions contained in the terms and conditions of this Instrument which shall be proposed by the Company;

(v) power to authorise any person to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Special Resolution;

(vi) power to discharge or exonerate any person from any liability in respect of any act or omission for which such person may have become responsible under the terms and conditions of this Instrument;

(vii) power to give any authority direction or sanction which under the provisions of the terms and conditions of this Instrument is required to be given by Special Resolution; and

(viii) power to appoint any persons (whether Bondholders or not) as a committee or committees to represent the interests of the Bondholders and to confer upon such committee or committees any powers or discretions which the Bondholders could themselves exercise by Special Resolution.

(P) A Special Resolution shall be binding upon all the Bondholders, whether present or not present at such meeting, and each of the Bondholders shall be bound to give effect thereto accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of such resolution justified the passing thereof.

(Q) Subject to the Companies Ordinance, a resolution in writing signed (in such manner as to indicate, expressly or impliedly, unconditional approval) by or on behalf of all Bondholders for the time being entitled to receive notice of and to attend and vote at meetings of the Bondholders shall be treated as a resolution duly passed at a meeting of the Bondholders and, where relevant, as a Special Resolution so passed. Any such resolution shall be deemed to have been passed at a meeting of the Bondholders held on the date on which it was signed by the last Bondholder to sign, and where the resolution states a date as being the date of his signature thereof by any Bondholder the statement shall be prima facie evidence that it was signed by him on that date. Such a resolution may consist of several documents in the like form, each signed by one or more relevant Bondholders.

(R) Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Company, and any such minutes, if the same are 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 the Bondholders, shall be conclusive evidence of the matters therein contained and, until the contrary is proved, every meeting in respect of the proceedings of which minutes have been made and signed as aforesaid shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted thereat to have been duly passed and transacted.

(S) Being the holders of the Convertible Bonds will not entitle the Bondholders to receive notices of general meetings of the Company or to attend or vote at the general meetings of the Company.

(T) Any reference in the terms and conditions of this Instrument to the value of any Conversion Right shall be a reference to the amount of principal amount outstanding in respect of the Certificate represents such Conversion Right, or if such Conversion Right are represented by two or more Certificates, the aggregate amount of the principal amount outstanding in respect of such Certificate.

**IN WITNESS** whereof the Company has caused its Common Seal to be affixed hereto the day and year first above written.

| | |
|---|---|
| **SEALED** with the **COMMON SEAL** of | ) |
| and SIGNED by [•], director | ) |
| for and on behalf of | ) |
| **BIOSYSEN LIMITED** | ) |
| in the presence of: | ) |