DATED 13 SEPTEMBER 2026

KFM Kingdom Holdings Limited
(as Company)

and

Luxshare Precision Limited
(as Subscriber)

SUBSCRIPTION AGREEMENT
for the HK$252,000,000 (zero-coupon)
convertible bonds due 2029
equal to the principal amount of HK$252,000,000

CHIU & PARTNERS
40th Floor, Jardine House
1 Connaught Place
Hong Kong

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THIS AGREEMENT is dated 13th day of September 2026.

BETWEEN:

(1) **KFM Kingdom Holdings Limited**, a company incorporated in Cayman Islands with limited liability, whose registered address is Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands ("**Company**"); and

(2) **Luxshare Precision Limited**, a company incorporated in Hong Kong with limited liability, whose registered address is Room 1621, Floor 16, Ocean Centre, No.5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong ("**Subscriber**").

WHEREAS:

(A) The Company has on the date of this Agreement an authorised share capital of HK$450,000,000 divided into 4,500,000,000 Shares and an issued share capital of HK$60,000,000 divided into 600,000,000 Shares, all of which are listed and traded on the Main Board of the Stock Exchange (stock code: 3816). As at the date of this Agreement, the Subscriber is an independent third party (within the meaning under the Listing Rules) of the Company. The Subscriber intends to acquire a majority shareholding in the Company.

(B) The Company proposes to issue zero-coupon convertible bonds in an aggregate principal amount of HK$252,000,000 to the Subscriber, to be created by the Instrument. The Subscriber wishes to subscribe for such convertible bonds in the principal amount of HK$252,000,000 on and subject to the terms and conditons set out herein.

(C) The Shares to be allotted and issued upon the conversion of the Bonds are proposed to be issued under a specific mandate to be granted to the directors of the Company to allot, issue and deal with up to 180,000,000 Shares, representing 30 per cent. of the issued Shares as at the date hereof.

(D) Upon signing of this Agreement, the Subscriber became aware that the Company may become subject to a possible unconditional mandatory cash offer to be made by the Subscriber (the "**Possible Mandatory Offer**") to acquire all the issued shares (and all outstanding convertible bonds) in the Company (other than those already owned or agreed to be acquired by the Subscriber and its concert parties).

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement (including the Recitals), the following expressions shall, unless the context otherwise requires, have the following meanings:

"Agreement"	this subscription agreement (as originally executed or thereafter may from time to time be amended or supplemented).

"Announcement"	an announcement in the agreed form containing details of the issue of the Bonds subject to such further changes as may be required by the Stock Exchange to be released by the Company in compliance with the Listing Rules.
"associate(s)"	shall have the same meanings ascribed thereto in the Listing Rules.
"Board"	the board of directors of the Company or a duly authorised committee thereof.
"Bonds"	the HK$252,000,000 (zero-coupon) convertible bonds due 2029 in registered form to be created by the Instrument and for the time being outstanding (as defined therein) or, as the context may require, any number of them.
"Bondholder"	a person in whose name a Bond is registered in the register of Bondholder(s), and "**holder**" in relation to a Bond has a corresponding meaning.
"Business Day"	a day (other than Saturdays, Sundays and such other days where a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above is in force in Hong Kong), on which licensed banks in Hong Kong are open for business throughout their normal business hours.
"Certificate"	a certificate in or substantially in the agreed form set out in Schedule 1 to the Instrument issued in the name of the holder of one or more Bonds.
"Closing Conditions"	the conditions stipulated in Clause 3.1.
"Completion"	completion of the subscription of the Bonds pursuant to Clause 4.1 and Schedule 3.
"Completion Date"	the fifth Business Day after the date on which all the Closing Conditions are fulfilled or, as the case may be, waived by the Subscriber, or such other date as the Company and the Subscriber shall agree in writing.
"controlling shareholder(s)"	shall have the same meanings ascribed thereto in the Listing Rules.
"Conversion Right"	the right of the Bondholder to convert the whole or part of the principal amount of the Bonds into Shares subject to the terms and conditions of the Instrument.

"Disclosed"	disclosed (i) in this Agreement (including the Schedules) or (ii) by the Company to its shareholders or the public in writing by way of announcement, circular or otherwise preceding the date hereof.
"Group"	the Company and the Subsidiaries.
"HK$" and "HK dollars"	the lawful currency for the time being of Hong Kong.
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China.
"Independent Shareholders"	the shareholders of the Company, who under the Listing Rules are not required to abstain from voting for the resolutions approving this Agreement and the transactions contemplated hereunder.
"Instrument"	the instrument to be executed by the Company by way of a deed poll constituting the Bonds in or substantially in the agreed form set out in Schedule 1, together with the schedules (as from time to time altered in accordance with the instrument) and any other document executed in accordance with the instrument (as from time to time so altered) and expressed to be supplemental to the instrument.
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange.
"Longstop Date"	30 September 2027 or such other date as the Company and the Subscriber shall agree in writing.
"SFC"	the Securities and Futures Commission of Hong Kong.
"Shareholders"	the holders of Shares.
"Shares"	ordinary shares of par value HK$0.1 each in the Company or shares of any class or classes resulting from any sub-division, consolidation or re-classification of such Shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or distribution of the Company.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.
"Subscription Price"	HK$252,000,000, being the subscription price for the principal amount of the Bonds.

"Subsidiary"	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands) of the Company, whether incorporated in Hong Kong, Cayman Islands or elsewhere.
"substantial shareholder(s)"	shall have the same meanings ascribed thereto in the Listing Rules.
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers and Share Buy-backs.
"Warranties"	the representations, warranties and undertakings of the Company under Clause 5.1 and Part 1 of Schedule 2.

1.2 In this Agreement:

(a) references to documents in "**the agreed form**" are to the documents initialled by or on behalf of the parties;

(b) references to Clauses, Sub-clauses and Schedules are to the clauses and sub-clauses of and the schedules to this Agreement;

(c) reference to a Sub-clause is, unless otherwise stated, to the Sub-clause of the Clause in which the reference appears;

(d) reference to a Paragraph is to the paragraph of the Schedule in which the reference appears;

(e) the Schedules (and annexures therein) form part of this Agreement;

(f) reference to any Ordinance, regulation or other statutory provision in this Agreement includes reference to such Ordinance or regulation or provision as modified, consolidated or re-enacted from time to time (except to the extent where any such modification, consolidation or re-enactment increases the liability of any party to this Agreement);

(g) words denoting the singular include the plural and vice versa, words denoting one gender include both genders and the neuter and words denoting persons include corporations and, in each case, vice versa; and

(h) headings and the index page are for ease of reference only and do not form part of this Agreement.

2. SUBSCRIPTION AND ISSUE OF THE BONDS

2.1 Subject to the Closing Conditions in Clause 3.1 below being fulfilled or, as the case

may be, waived by the Subscriber, at or before 5:00 p.m. (Hong Kong time) on the Longstop Date, the Subscriber shall on the Completion Date subscribe for the Bonds and the Company shall execute the Instrument and issue the Bonds to the Subscriber at the Subscription Price.

3. CONDITIONS PRECEDENT

3.1 The subscription by the Subscriber of the Bonds shall be conditional upon the following conditions being fulfilled (or as to the condition set out in Clause 3.1(3) being waived by the Subscriber in writing) at or before 5:00 p.m. on the Longstop Date:

(1) the obtaining of all necessary consents and approvals in respect of this Agreement and the transactions contemplated hereunder (including but not limited to, if necessary, the approval by the Independent Shareholders at a general meeting to approve this Agreement and the transactions contemplated hereunder, including granting of a specific mandate to the directors of the Company to allot, issue and deal with up to 180,000,000 Shares, representing 30% of the issued Shares as at the date hereof);

(2) the Listing Committee of the Stock Exchange having granted listing of and permission to deal in the Shares to be issued upon the exercise of the Conversion Rights attaching to the Bonds;

(3) the Company having performed all of its obligations hereunder to be performed on or before Completion and none of the Warranties having been breached by the Company in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect;

(4) all necessary consents and approvals required to be obtained on the part of the Company in respect of this Agreement and the transactions contemplated hereunder, including the Board approving and authorising the execution and completion of this Agreement and the Instrument, the creation and issue of the Bonds and the allotment and issue of the Shares upon the exercise of the Conversion Rights attaching to the Bonds; and

(5) all necessary consents and approvals required to be obtained on the part of the Subscriber in respect of this Agreement and the transactions contemplated hereunder.

3.2 The Subscriber may, at its discretion and upon such terms as it thinks fit, waive compliance with Clause 3.1(3) set out above.

3.3 For the avoidance of doubt, other than the Closing Condition set out in Clause 3.1(3) above, all other Closing Conditions set out in Clause 3.1 shall not be capable of waiver. In particular, Clause 3.1(2) shall only be deemed fulfilled upon the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares, and such approval remaining in full force and effect as at Completion.

3.4 If any of the Closing Conditions are not fulfilled (or waived, if applicable) at or before 5:00 p.m. (Hong Kong time) on the Longstop Date, this Agreement shall terminate and

the respective obligations of the parties hereto under this Agreement shall forthwith cease and terminate and none of the Company or the Subscriber shall have any claim against the other of them.

4. COMPLETION

4.1 Subject to fulfillment or waiver (as the case may be) of the Closing Conditions, Completion shall take place at Workshop C, 31/F TML Tower, 3 Hoi Shing Road, Tsuen Wan New Territories, Hong Kong at 5:00 p.m. (Hong Kong time) on the Completion Date. At such completion, each party shall perform their respective obligations set out in Schedule 3.

4.2 Neither party shall be obliged to complete the subscription of the Bonds or perform any obligations hereunder unless the other complies fully with its obligations under Schedule 3.

4.3 If the Company on the one hand or the Subscriber on the other is unable or fails to comply with any of their respective obligations under Schedule 3 on or before the Completion Date, the party not in default may:

(1) defer Completion to a date not more than 28 days after the said date (and so that the provisions of this Sub-clause (1) shall apply to Completion as so deferred); or

(2) proceed to Completion so far as practicable; or

(3) rescind this Agreement,

without prejudice, in each case, to that party's rights (whether under this Agreement generally or under this Clause) to the extent that the other party shall not have complied with its obligations thereunder.

5. REPRESENTATIONS AND WARRANTIES

5.1 The Company represents, warrants and undertakes with the Subscriber in the terms set out in Part 1 of Schedule 2.

5.2 The Subscriber represents, warrants and undertakes with the Company in the terms set out in Part 2 of Schedule 2.

5.3 Each of the Company and the Subscriber undertakes to notify the other upon it becoming aware prior to Completion of any event which could reasonably be expected as indicating that any of its warranties contained in Schedule 2 may be or may have been incorrect, misleading or breached in any material respect.

5.4 If any party fails to perform any of its obligations in any material respect (including its obligation at Completion or breaches any of the terms or warranties set out in this Agreement in any material respect prior to Completion), then without prejudice to all and any other rights and remedies available at any time to a non-defaulting party (including but not limited to the right to damages for any loss suffered by that party), and the defaulting party shall fail to remedy such breach (if capable of being remedied

within 14 days) within 14 days after the date of breach, the non-defaulting party may, by notice either require the defaulting party to perform such obligations or, insofar as the same is practicable, remedy such breach, or to the extent it relates to the failure of the defaulting party to perform any of its obligations at or prior to Completion in any material respect, treat the defaulting party as having repudiated this Agreement and rescind the same in relation to any obligations that remain to be performed by the non-defaulting party. Where the relevant breach is capable of remedy within 14 days after its occurrence and the defaulting party is proceeding diligently to remedy such breach, the date for Completion (if it had not yet taken place) shall be deferred to the first Business Day after the expiry of such 14-day period, provided that the date for the Completion shall not be so deferred more than once. The rights conferred upon the respective parties by the provisions of this Clause 5.4 are additional to and do not prejudice any other rights the respective parties may have. No failure to exercise any of the rights conferred in this Clause shall constitute a waiver of any such rights. For the avoidance of doubt, the non-defaulting party's right to damages shall not be affected by any remediation of the breach, any deferral of Completion, or any rescission or termination of this Agreement, each of which shall be without prejudice to the non-defaulting parties' accrued rights and liabilities in connection with the antecedent breach of this Agreement.

5.5 The Subscriber undertakes to provide the Company promptly upon request with such information as may be required to be provided to the Stock Exchange and/or the SFC whether or not in connection with the subject matter of this Agreement.

5.6 The Subscriber hereby acknowledges to the Company that it understands its rights and obligations under the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and confirms that it understands that information and personal data provided by the Subscriber are required by the Company and/or its agent and/or adviser to observe any rules, legal or regulatory requirements including the disclosure of such information or data to certain regulatory bodies (including, without limitation, the Stock Exchange and the SFC). In addition, the Company may, and it is hereby expressly authorised to, provide such information and data to any agent, professional adviser representative and associate which provides services in connection with the transactions contemplated by this Agreement and to any governmental or regulatory bodies (including, without limitation, the Stock Exchange and the SFC).

6. CONFIDENTIALITY AND ANNOUNCEMENTS

6.1 Each of the parties hereto undertakes to the other that it will not, at any time after the date of this Agreement, divulge or communicate to any person other than to its professional advisers, or when required by law or any rule of any relevant stock exchange or regulatory body, or to its respective officers or employees whose province it is to know the same any confidential information concerning the business, accounts, finance or contractual arrangements or other dealings, transactions or affairs of the other which may be within or may come to its knowledge in connection with the transactions contemplated by this Agreement and it shall use its best endeavours to prevent the publication or disclosure of any such confidential information concerning such matters. This restriction shall not apply to information or knowledge which is or which properly comes into the public domain through no fault of the party against whom these restrictions are sought to be enforced or to information or knowledge which is already known to the Subscriber at the time of their receipt.

6.2 Each of the parties hereto undertakes that it will not at any time (save as required by law or any rule of any relevant stock exchange or regulatory body) make any announcement in connection with this Agreement unless the other party hereto shall have given its consent to such announcement (which consent may not be unreasonably withheld or delayed and may be given either generally or in a specific case or cases and may be subject to reasonable conditions). If any party is required by law or any rule of any relevant stock exchange or regulatory body to make any announcement in connection with this Agreement, the other party agrees to supply all relevant information relating to itself that is within its knowledge or in its possession as may be reasonably necessary or as may be required by any exchange and regulatory body to be included in the announcement. Any announcement, other than the Announcement, to be released by either party shall be subject to such prior consultation with the other as the circumstances may permit.

7. CONTINUING EFFECT OF AGREEMENT

7.1 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 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.

8. COSTS AND EXPENSES

8.1 Each party shall bear its own legal, accountancy and other costs and expenses incurred in connection with the preparation, negotiation and settlement of this Agreement (and other documents referred to in this Agreement).

9. GENERAL

9.1 Each party undertakes to the other of them to execute or procure to be executed all such documents and to do or procure to be done all such other acts and things as may be reasonable and necessary to give all parties the full benefit of this Agreement.

9.2 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 not be affected or impaired thereby.

9.3 This Agreement supersedes all and any previous agreement, arrangements or understanding between the parties relating to the matters referred to in this Agreement and all such previous agreement, understanding or arrangements shall cease and determine with effect from the date hereof and no party shall have any claim in connection therewith.

9.4 This Agreement constitutes the entire agreement between the parties with respect to its subject matter (no party having relied on any representation or warranty made by any other party which is not contained in this Agreement) and no variation of this Agreement shall be effective unless made in writing and signed by all of the parties.

9.5 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.

9.6 This Agreement may be executed by the parties hereto in any number of counterparts and on separate counterparts, each of which when so executed shall be deemed an original but all of which shall constitute one and the same instrument and is binding on all parties. A party may execute this Agreement on an email or facsimile copy counterpart and deliver its signature and seal by email or facsimile.

10. NOTICES

10.1 Any notice claim, demand, court process, document or other communication to be given under this Agreement (collectively "**communication**" in this Clause 10) shall be in writing in the English language and must be served or given personally or sent to the email address or facsimile numbers (if any) of the relevant party and marked for the attention and/or copied to such other person as specified in Clause 10.4.

10.2 A change of address, email address or facsimile number of the person to whom a communication is to be addressed or copied pursuant to this Agreement shall not be effective until five days after a written notice of change has been served in accordance with the provisions of this Clause 10 on the other party to this Agreement with specific reference in such notice that such change is for the purposes of this Agreement.

10.3 Except as otherwise provided herein, all communications shall be served by the following means and the addressee of a communication shall be deemed to have received the same within the time stated adjacent to the relevant means of despatch:

Means of despatch	**Time of deemed receipt**
Local mail or courier	24 hours
Email or facsimile	on despatch
Air courier/Speedpost	3 days
Airmail	5 days

10.4 The initial addresses, email address and facsimile numbers of the parties for the service of communications, the person for whose attention such communications are to be marked and the person to whom a communication is to be copied are as follows:

If to the Company:

Address:	Workshop C, 31/F TML Tower, 3 Hoi Shing Road, Tsuen Wan New Territories, Hong Kong
Facsimile no.:	+852 2614 2816
Email address:	peter@kingdom.com.hk

Attention:	Sun Kwok Wah Peter

If to the Subscriber:

Address:	313 Beihuan Road, Qingxi Town Dongguan City Guangdong Province People's Republic of China
Facsimile no.:	N/A
Email address:	david.huang@luxshare-ict.com
Attention:	Huang Ta-Wei David

10.5 A communication served in accordance with this Clause 10 shall be deemed sufficiently served and in proving service and/or receipt of a communication it shall be sufficient to prove that such communication was left at the addressee's address or that the envelope containing such communication was properly addressed and posted or despatched to the addressee's address or that the communication was properly transmitted by email or facsimile to the addressee. In the case of email or facsimile transmission, such transmission shall be deemed properly transmitted on the sending of or receipt of a report of satisfactory transmission printed out by the sending machine, respectively.

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

11. PROCESS AGENT

11.1 The Subscriber hereby irrevocably appoints CFN Lawyers LLP (address: Units 4101-04, 41/F., Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong) as its service agent to receive and acknowledge on its behalf service of any notice, writ, summons, order, judgment or communication in relation to this Agreement and further agrees that any such legal process or notice shall be sufficiently served on it if delivered during normal office hours to such agent for service at its address for the time being in Hong Kong. The Subscriber further agrees to maintain a duly appointed agent in Hong Kong to accept service of process out of the courts of Hong Kong and to keep the Company informed of the name and address of such agent. Service on the agent as referred to above shall be deemed to be service on its appointer.

12. GOVERNING LAW

12.1 This Agreement shall be governed by and construed in accordance with Hong Kong law.

12.2 The courts of Hong Kong are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and accordingly any legal action or proceedings arising out of or in connection with this Agreement ("**Proceedings**") may be brought in such courts. Each of the parties hereto irrevocably

submits to the jurisdiction of such courts in connection with legal proceedings against one another to enforce the provisions of the Agreement (but not with respect to any proceedings brought by a third party) and waives any objections to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

SCHEDULE 1

THE INSTRUMENT

INSTRUMENT RELATING TO THE
HK$252,000,000 (ZERO-COUPON)
CONVERTIBLE BONDS DUE 2029

Dated _____

KFM Kingdom Holdings Limited

DEED POLL

constituting the

HK$252,000,000 (Zero-Coupon) Convertible Bonds due 2029

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Execution

Schedules

1	Form of Certificate and Conditions
2	Provisions for meetings of Bondholder(s)

THIS INSTRUMENT is executed by way of Deed Poll on the [*] day of [*] by KFM Kingdom Holdings Limited ("**Company**"), a company incorporated in Cayman Islands with limited liability and having its registered office at Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands and its principal place of business in Hong Kong at Workshop C, 31/F TML Tower, 3 Hoi Shing Road, Tsuen Wan New Territories, Hong Kong.

WHEREAS:

(A) By an agreement dated 13 September 2026 (the "**Subscription Agreement**") and entered into by the Company as issuer and Luxshare Precision Limited (the "**Subscriber**") as subscriber, the Company has agreed to issue, and the Subscriber has agreed to subscribe for, the zero-coupon convertible bonds in registered form in an aggregate principal amount of HK$252,000,000 due 2029.

(B) The Company is entering into this Instrument by way of deed poll for the purpose of constituting and defining the rights and interests of the holder(s) for the time being of such convertible bonds.

NOW THIS INSTRUMENT WITNESSES and the Company declares as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 **Adoption of defined terms:** Words and expressions defined in the Conditions and not defined in the main body of this Instrument shall when used in this Instrument have the same meanings as are given to them in the Conditions.

1.2 **Definitions:** In this Instrument, the following expressions shall have the meanings assigned:

"**Bonds**"	Bonds in the denomination of HK$1,000,000 each in registered form comprising the HK$252,000,000 (zero-coupon) convertible bonds due 2029 to be issued by the Company in accordance with the provisions of the Subscription Agreement and constituted by this Instrument and for the time being outstanding or, as the context may require, any number of them;
"**Bondholder**"	a person in whose name a Bond is registered in the register of Bondholder(s), and "holder" in relation to a Bond has a corresponding meaning;
"**Business Day**"	a day (other than Saturdays, Sundays and such other days where a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above is in force in Hong Kong), on which licensed banks in Hong Kong are open for business throughout their normal business hours;
"**CCASS**"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;

"**Certificate**"	a certificate in or substantially in the form set out in Schedule 1 to this Instrument issued in the name of the holder of one or more Bonds;
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
"**Conditions**"	the terms and conditions endorsed on the Bonds in definitive form as they may from time to time be modified in accordance with their provisions and/or the provisions of this Instrument, and reference in this Instrument to a particular numbered Condition shall be construed accordingly;
"**Hong Kong**"	the Hong Kong Special Administrative Region of the People's Republic of China;
"**this Instrument**"	this instrument, the schedules (as from time to time altered in accordance with the terms of this instrument) and any other document executed in accordance with this instrument (each as from time to time so altered) and expressed to be supplemental to this instrument.

1.3 **Construction of certain references:** The provisions of Condition 1.2 shall apply in construing this Instrument.

1.4 **Headings:** Headings shall be ignored in construing this Instrument.

1.5 **Schedules:** The Schedules are part of this Instrument and shall have effect accordingly.

1.6 **Enforceability:** If at any time any provision of this Instrument is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Instrument nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

2. ISSUE OF THE BONDS

2.1 The Company shall upon its execution of this Instrument issue the Bonds for subscription by the Subscriber in accordance with the terms of the Subscription Agreement.

2.2 The Bonds are governed by this Instrument and the Conditions which shall be binding on the Company and the Bondholder(s). The Bondholder(s) shall be entitled to enforce the obligations of the Company under the Bonds and the Conditions as if the same were set out and contained in this Instrument which shall be read and construed as one document with the Bonds.

2.3 The Company shall, subject to the Listing Rules, from time to time, be at liberty to

issue further bonds, notes and other securities, including bonds ranking *pari passu* with the Bonds.

3. AMOUNT OF THE BONDS AND COVENANT TO PAY

3.1 **Amount of the Bonds:** The aggregate principal amount of the Bonds shall be HK$252,000,000.

3.2 **Covenant to pay:** The Company shall upon redemption of the Bonds pay to or to the order of the Bondholder(s) the amount due in accordance with the Conditions.

3.3 **Discharge:** Any payment to be made in respect of the Bonds by the Company may be made as provided in the Conditions and any payment so made will to such extent be a good, full and complete discharge to the Company.

4. FORM AND DENOMINATION OF THE BONDS

4.1 **The Certificates:** On issue of the Bonds, every Bondholder, for every HK$1,000,000 of its registered holding of the principal amount of the Bonds or if the Bondholder so agrees, an integral multiple of HK$1,000,000, will be entitled to a definitive Certificate in or substantially in the form set out in Schedule 1 with the Conditions in or substantially in the form also set out in that Schedule.

4.2 **Denomination:** The Bonds shall be denominated in HK dollars and shall be issued in principal amounts of HK$1,000,000 each (unless the amount remaining on exercise of the Conversion Rights or in consequence of an adjustment pursuant to the provisions of the Conditions shall be less than HK$1,000,000).

4.3 **Signature:** The definitive Certificates will be signed manually, by email or in facsimile by two directors of the Company. The Company may use the email or facsimile signature of any person who at the date of this Instrument is a director of the Company even if at the time of issue of any Certificate he no longer holds such office and the Bonds in respect of which a Certificate is so executed will be binding and valid obligations of the Company.

4.4 **Issue:** Issue and delivery of the Bonds shall be completed on the issue and delivery of the Certificates to the Bondholder (or its representative) by, or by the order of, the Company and completion of the Register by or on behalf of the Company.

4.5 **Entitlement to treat holder as owner:** The holder of any Bond will (save as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on or the theft or loss of the Certificate issued in respect of it) and no person will be liable for so treating the holder or any entry on the Register.

5. CAPITAL DUTIES AND TAXES

5.1 **Capital duties, etc:** The Company will pay any capital, stamp, issue, registration, documentary or other similar taxes and duties, including interest and penalties, payable in Hong Kong and the Cayman Islands in respect of the creation and original issue and offering of the Bonds and the execution or delivery of this Instrument.

5.2 **Change of taxing jurisdiction:** If the Company becomes subject generally to the taxing jurisdiction of any territory or any authority of or in that territory having power to tax other than Hong Kong and the Cayman Islands or any such authority of or in such territory then the Company will give to the Bondholder(s) an undertaking in terms corresponding to the terms of Condition 8 with the substitution for the references in that Condition to Hong Kong of references to that other territory or authority to whose taxing jurisdiction the Company has become so subject and in such event this Instrument and the Bonds will be read accordingly.

6. CONVERSION RIGHTS AND RELATED COVENANTS

6.1 **Rights of Conversion:** The holder of each Bond will have the right, subject to and in accordance with the Conditions, to convert such Bond into Shares, credited as fully paid.

6.2 **Conversion related covenants:** The Company hereby undertakes to and covenants with the Bondholder(s) that so long as any Conversion Right remains exercisable, it will, save with the approval of an Ordinary Resolution:

(1) **Maintain sufficient unissued share capital:** ensure that such number of Shares as would enable the Conversion Rights and all other rights of conversion into, subscription for or exchange into, Shares exercisable at that time to be satisfied in full are kept available for issue free from pre-emptive rights out of its authorised but unissued share capital;

(2) **Notice:** upon the happening of an event as a result of which the Conversion Price will be adjusted pursuant to the Conditions but subject to Clause 8.2(1), as soon as reasonably practicable notify the Bondholder(s) in writing of the adjusted Conversion Price, the date on which such adjustment takes effect and brief particulars of the event;

(3) **Listing of Shares:** maintain a listing on the Stock Exchange for all the issued Shares for the time being and, as soon as reasonably practicable after their issue, for all Shares issued on exercise of the Conversion Rights attaching to the Bonds and give notice to the Bondholder(s) of any delisting of Shares by the Stock Exchange;

(4) **Compliance with stock exchange rules:** in respect of the issue and conversion of the Bonds, comply with all rules, regulations, practice directions and other applicable directives imposed by the Stock Exchange and other regulatory authorities having jurisdiction over it;

(5) **Expenses:** to pay the expenses of the issue of, and all expenses of obtaining listing on the Stock Exchange of, Shares arising on conversion of the Bonds, which are payable by the Company; and

(6) **Part 16 registration:** to maintain its registration as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from 3 March 2014) and authorise at least two representatives to accept the service of process and notices in accordance with

section 786 of the Companies Ordinance.

7. GENERAL COVENANTS

7.1 So long as any Bond is outstanding, the Company covenants to and with each Bondholder that:

(1) **Notice of Events of Default:** the Company will notify the Bondholder(s) in writing immediately upon becoming aware of the occurrence of any Event of Default;

(2) **Bonds held by Company etc:** the Company will send to the Bondholder(s) as soon as reasonably practicable and in any event within five (5) days after being so requested in writing by any Bondholder(s) a certificate of the Company signed by any two of its directors on behalf of the Company setting out, based on the Register maintained by or on behalf of the Company, the total number of Bonds which, at the date of such certificate, were held by or on behalf of the Company or its Subsidiaries and which had not been cancelled;

(3) **Compliance:** the Company will comply with and perform and observe all the provisions of this Instrument which are expressed to be binding on it;

(4) **Conversion Rights:** upon the exercise of any Conversion Rights pursuant to the Conditions, the Company will allot the number of Shares in respect of which Conversion Rights are exercised subject to and in accordance with the Conditions;

(5) **Ranking:** all Shares allotted pursuant to an exercise of the Conversion Rights shall rank *pari passu* in all respects with the fully paid Shares in issue on the relevant Registration Date and shall accordingly entitle the holders to participate in full in all dividends or other distributions paid or made on the Shares after the relevant Registration Date other than any dividend or other distribution previously declared, or recommended or resolved to be paid or made if the Record Date therefor falls on or before the relevant Registration Date and notice of the amount and Record Date for which shall have been given to the Stock Exchange, and the Bondholder(s) prior to the relevant Registration Date and, for this purpose, the notice to the Bondholder(s) may take the form of sending a copy of the relevant announcement published on the website of the Stock Exchange to them; and

(6) **Public float:** the Company shall at all times use its reasonable endeavours to ensure that the minimum public shareholding requirement of the Listing Rules is complied with.

7.2 The Company hereby covenants to and with each Bondholder that it will comply with and perform and observe all the provisions of this Instrument and the Conditions which are expressed to be binding on it. The provisions contained in Schedule 2 (Provisions for meetings of Bondholder(s)**)** shall have effect in the same manner as if herein set forth.

8. ADJUSTMENTS TO CONVERSION PRICE

8.1 **Capital structure alteration:** In the event any alteration in the capital structure of the Company has become effective prior to the Conversion Date, and such event arises from any changes in the capital structure of the Company, whether arising by reason of a capitalisation of profits or reserves, rights issue or other offer of securities to holder of Shares (including any securities convertible into share capital or warrants or options to subscribe for any share capital of the Company), consolidation, sub-division or reduction of the share capital of the Company or otherwise howsoever except where any such event is specifically exempted under the terms and conditions of the Convertible Bonds, including but not limited to any issue or grant of Shares, options or other securities of the Company or any of its subsidiaries wholly or partly convertible into, or rights to acquire, Shares to the Directors or employees of the Company or any of its subsidiaries or their personal representatives pursuant to a share scheme of the Company or any of its Subsidiaries, then, in any such case the Company shall prior to the Conversion Date instruct an Approved Professional Adviser to consider whether any adjustment should be made to the Conversion Price in order to fairly and appropriately reflect the relative interests of the Company and the Bondholder and, if such Approved Professional Adviser shall consider in its opinion that it is appropriate to make an adjustment to the Conversion Price, the directors of the Company shall make an adjustment to the Conversion Price in such manner as such Approved Professional Adviser shall certify to be, in its opinion, appropriate. Such adjustment shall become effective on the Conversion Date applicable to the Conversion Notice.

8.2 **Further provisions:**

(1) Where more than one event gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that the Approved Professional Adviser considers in good faith that the operation of the foregoing provisions would need to be subject to some modification in order to give the intended commercial result, such modification shall be made to the operation of the foregoing provisions as may be advised by the Approved Professional Adviser, acting as an expert, to be in their opinion appropriate in order to give such intended result.

(2) No adjustment will be made to the Conversion Price (i) where Shares are allotted or issued pursuant to any exercise of the Conversion Rights or (ii) upon any issue or grant of Shares, options or other securities of the Company or any of its Subsidiaries wholly or partly convertible into, or rights to acquire, Shares to directors or employees of the Company or any of its Subsidiaries or their personal representatives pursuant to an employee share scheme of the Company or any of its Subsidiaries.

(3) No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 5.7.

8.3 **Decision of Approved Professional Adviser**: If any doubt shall arise as to the appropriate adjustment to the Conversion Price a certificate of the Approved Professional Adviser shall be conclusive and binding on all concern save in the case of manifest or proven error.

8.4 **Rounding:** On any adjustment, the resultant Conversion Price, if not an integral multiple of one-tenth of one Hong Kong cent, shall be adjusted to the nearest one-tenth of one Hong Kong cent so that any amount under half of one-tenth of one cent shall be rounded down and any amount of half of one-tenth of one cent or more shall be rounded up. Any adjustment not required to be made, and any amount by which the Conversion Price has been rounded up or down, shall not be carried forward in any subsequent adjustment.

8.5 **No issue at a discount:** The Conversion Price may not be reduced so that, on conversion of Bonds, Shares would fall to be issued at a discount to their then par value.

8.6 **Selection of Approved Professional Adviser:** Where any of the provisions of these Conditions permits or requires a determination by an Approved Professional Adviser, the Company shall have the right to select a merchant bank or audit firm of international repute to make the determination. All determinations of an Approved Professional Adviser pursuant to or in purported pursuance of the Conditions shall be deemed to be made by them or it as an expert and all such determinations shall be final, conclusive and binding on the Company, all Bondholder(s) and all persons claiming through or under them, except in the case of errors of law or gross mistakes.

8.7 **Notice of adjustment:** Notice of any adjustment shall be given to Bondholder(s) in accordance with Condition 13 as soon as practicable after the determination thereof.

9. MODIFICATIONS

9.1 Any modification to this Instrument or the Conditions may be effected only by deed poll, executed by the Company and expressed to be supplemental hereto, and (save for minor amendments by the Company which shall not adversely affect the rights of the Bondholder(s) under the Instrument or the Conditions) only if it shall first have been sanctioned by an Ordinary Resolution of the Bondholder(s).

9.2 A memorandum of every such supplemental deed shall be endorsed on this Instrument.

9.3 Notice of every modification to this Instrument or the Conditions shall be given to the Bondholder(s) as soon as reasonably practicable.

10. SUIT BY AND MEETINGS OF BONDHOLDER(S)

10.1 The Company hereby acknowledges and covenants that the benefit of the covenants, obligations and conditions on the part of or binding upon it contained in this Instrument shall enure to each and every Bondholder.

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

10.3 The Bondholder(s) may hold meetings for the consideration of such matters as they may think fit. The provisions of Schedule 2 shall apply to regulate the convening and conduct, and the powers, of all meetings of Bondholder(s). Such provisions may be

altered by Ordinary Resolution.

11. COMMUNICATIONS

11.1 Any communication to the Company shall be by letter delivered personally or by email or facsimile transmission to it at Workshop C, 31/F TML Tower, 3 Hoi Shing Road, Tsuen Wan New Territories, Hong Kong, email address of peter@kingdom.com.hk or fax no. +852 2614 2816 (or such other address or fax number as shall be notified in writing by the Company to the Bondholder(s) from time to time with specific reference to this Instrument).

11.2 Any communication to the Bondholder shall be by letter delivered personally or by email or facsimile transmission to it at _____ _____, email address of _____ or fax no. _____ (or such other address or fax number as shall be notified in writing by the Bondholder to the Company from time to time with specific reference to this Instrument).

11.3 Any such communication will take effect, in the case of delivery, at the time of receipt by the Company or, in the case of email or facsimile transmission, at the time of despatch which shall be deemed properly transmitted on the sending of or receipt of a report of satisfactory transmission printed out by the sending machine, respectively.

12. GOVERNING LAW

12.1 **Governing law:** This Instrument shall be governed by and construed in accordance with the law of Hong Kong.

12.2 **Jurisdiction:** The courts of Hong Kong are to have jurisdiction to settle any disputes which may arise out of or in connection with this Instrument or the Bonds and accordingly any legal action or proceedings arising out of or in connection with this Instrument and/or the Bonds (the "**Proceedings**") may be brought in such courts. The Bondholder(s) shall be entitled to take Proceedings in any other court of competent jurisdiction, and the taking of Proceedings in any one or more jurisdictions shall not preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

IN WITNESS whereof this Instrument has been executed as a deed poll on the date stated at the beginning.

THE COMMON SEAL of)
KFM Kingdom Holdings Limited)
was hereunto affixed in the presence of:)

_____ _____

[*] [*]
Director Director

SCHEDULE 1

Form of Certificate

Certificate no.: Identifying number:

KFM Kingdom Holdings Limited

(*incorporated in Cayman Islands with limited liability*)

HK$252,000,000
Zero-coupon Convertible Bonds due 2029

The Bond or Bonds 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 ("**Bonds**") of KFM Kingdom Holdings Limited ("**Company**") and constituted by the Instrument referred to in the Terms and Conditions of the Bonds as attached hereto. The Bonds are subject to, and have the benefit of, that Instrument, which is enforceable severally by each Bondholder against the Company insofar as each Bondholder's Bonds are concerned. Such Instrument (together with any instruments supplemental thereto) and copies of the memorandum and articles of association of the Company are available for inspection by Bondholder(s) at the principal office for the time being in Hong Kong of the Company.

Bondholder(s) will be deemed to have notice of all the provisions contained in the said Instrument (and any instruments supplemental thereto) 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 Bondholder(s) as the holder of Bonds in the principal amount indicated below. For value received, the Company promises to pay the person who appears at the relevant time on the Register of Bondholder(s) as holder of the Bonds in respect of which this Certificate is issued such amount or amounts as shall become due in respect of such Bonds and otherwise to comply with the Conditions.

Folio	Bondholder and address	Principal amount of Bonds	Identifying no.	Transfer no.	Date of issue
		HK$[*]			

The Bonds in respect of which this Certificate is issued are convertible into fully-paid ordinary shares with a par value of HK$0.1 each of the Company subject to and in accordance with the Conditions and the Instrument.

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

In accordance with and subject always to Condition 3 of the Terms and Conditions of the Bonds attached to this Certificate, a Bond may be transferred by delivery of the Certificate issued in respect of that Bond, with the form of transfer attached to this certificate duly completed and signed, to the Specified Office. No transfer of title to any Bond will be effective unless and until entered on the Register.

Subject to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"), the Bonds may be transferred to any person, save and except that the Bonds shall not be transferred to a "connected person" (as defined in the Listing Rules) of the Company without the prior written consent of the Company.

Conversion of the Bonds is subject to the Terms and Conditions of the Bonds.

This Certificate shall not be valid for any purpose until signed by or on behalf 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.

KFM Kingdom Holdings Limited
by:

_____ Director

_____ Director

TERMS AND CONDITIONS OF THE BONDS

The issue of HK$252,000,000 (zero-coupon) Convertible Bonds due 2029 ("**Bonds**" such expression shall mean those of the Bonds which shall for the time being outstanding or, as the context may require, any number of them) of KFM Kingdom Holdings Limited ("**Company**") and the issue of the Shares upon conversion were authorised by the resolutions of the shareholders of the Company passed at the extraordinary general meeting of the Company on [*]. The Bonds are constituted by a deed poll ("**Instrument**", such expression shall include amendments and modifications from time to time made thereto) dated [*] executed by the Company. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Instrument. Copies of the Instrument are available for inspection by Bondholder(s) at the principal office of the Company being at the date hereof at Workshop C, 31/F TML Tower, 3 Hoi Shing Road, Tsuen Wan New Territories, Hong Kong. The Bondholder(s) are entitled to the benefit of the Instrument and are bound by, and are deemed to have notice of, all the provisions of the Instrument.

1. DEFINITIONS AND INTERPRETATION

1.1 In these Conditions, the following expressions shall have the meanings assigned:

"**Approved Professional Adviser**"	an independent firm of merchant bank or audit firm of international repute in the opinion of the Company appointed in accordance with the provisions of Clause 8 of the Instrument;
"**Associates**"	in relation to a person, the "associates", "close associates" and "connected persons" of such person (as these expressions are defined in the Listing Rules);
"**Bondholder**"	a person in whose name a Bond is registered in the Register, and "**holder**" in relation to a Bond has a corresponding meaning;
"**Business Day**"	a day (other than Saturdays, Sundays and such other days where a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above is in force in Hong Kong), on which licensed banks in Hong Kong are open for business throughout their normal business hours;
"**Conditions**"	these terms and conditions as may from time to time be modified in accordance with the provisions of the Instrument;
"**Conversion Date**"	the effective date of conversion of the Bonds, as determined in accordance with Condition 5.3(2);
"**Conversion Notice**"	a notice of conversion in or substantially in the

	form of Annexure II (obtainable from the Specified Office) or in such other form that the intentions of the converting Bondholder are clearly stated;
"**Conversion Period**"	the period commencing from the Issue Date to 4:00 p.m. on the Maturity Date;
"**Conversion Price**"	the conversion price per Share in the amount stated in Condition 5.2, subject to adjustment as provided herein;
"**Conversion Right**"	the right of a Bondholder to convert the whole or part of the principal amount of any Bond into Shares subject to and in accordance with these Conditions;
"**Conversion Shares**"	Shares to be allotted and issued by the Company to the Bondholder (or its nominee) upon an exercise of the Conversion Rights;
"controlling shareholder(s)"	has the meaning ascribed thereto in the Listing Rules;
"**Default Redemption Notice**"	has the meaning ascribed thereto in Condition 7.1;
"**Dispose**"	to make or to agree to make, and "**Disposal**" means, any sale, assignment, exchange, transfer, concession, loan, lease, direct or indirect reservation, waiver, compromise, release, dealing with or in or granting of any option, right of first refusal, power of attorney or other right or interest whatsoever and any agreement for any of the foregoing;
"**Encumbrances**"	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation, equities, adverse claims, or other encumbrances, priority or security interest, deferred purchase, title retention, leasing, sale and purchase, sale and leaseback arrangement over or in any property, assets or rights of whatsoever nature or interest or any agreement for any of same and "**Encumbrancer**" shall be construed accordingly;
"**Event of Default**"	any of the events specified in Condition 9;
"**Group**"	the Company and the Subsidiaries;
"**Hong Kong**"	the Hong Kong Special Administrative Region of

	the People's Republic of China;
"**HK dollars**" and "**HK$"**	the lawful currency for the time being of Hong Kong;
"**Issue Date**"	the date of first issue of the Bonds;
"**Listing Rules**"	the Rules Governing the Listing of Securities on the Stock Exchange;
"**Maturity Date**"	the date falling three years after the Issue Date or, if that is not a Business Day, the first Business Day thereafter;
"**Ordinary Resolution**"	a resolution passed at a meeting of Bondholder(s) duly convened either personally or by proxy and held in accordance with the provisions of Schedule 2 to the Instrument by a majority consisting of not less than half of the votes cast. A written resolution signed by or on behalf of a holder or the holders of not less than 50% of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Ordinary Resolution;
"**outstanding**"	in relation to the Bonds, all the Bonds issued other than: (a) those which have been redeemed or in respect of which Conversion Rights have been exercised and which have been cancelled in accordance with these Conditions; (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys have been duly paid to the relevant Bondholder or on its behalf; (c) those which have become void or those in respect of which claims have become prescribed under Condition 10; (d) those mutilated or defaced Bonds which have been surrendered in exchange for replacement Bonds pursuant to Condition 3.6; (e) (for the purpose only of determining how many Bonds are outstanding and without

prejudice to their status for any other purpose) those Bonds alleged to have been lost, stolen or destroyed and in respect of which replacement Bonds have been issued pursuant to Condition 3.6;

(f) those which have been purchased and cancelled as provided in Condition 7;

"**Public Float Requirement**" the requirement under the Listing Rules applicable to the Company that not less than a specified percentage of the Shares which are listed on the Stock Exchange shall be held by the public for the purpose of the Listing Rules;

"**Possible Mandatory Offer**" a possible unconditional mandatory cash offer to be made by Luxshare Precision Limited to acquire all the issued shares (and outstanding convertible bonds) in the Company (other than those already owned or agreed to be acquired by Luxshare Precision Limited and its concert parties;

"**Record Date**" the date and time by which a subscriber or transferee of securities of the class in question would have to be registered in order to participate in the relevant distribution or rights;

"**Register**" the register of Bondholder(s) required to be maintained pursuant to Condition 3.5;

"**Registrar**" Tricor Investor Services Limited, the branch share registrar for the time being of the Company in Hong Kong and any successor share registrar of the Company;

"**Registration Date**" has the meaning ascribed thereto in Condition 5.4;

"**Restricted Holder**" a Bondholder who is a resident or national of any jurisdiction other than Hong Kong under the laws and regulations of which an exercise of Conversion Rights by such Bondholder or the performance by the Company of the obligations expressed to be assumed by it under the Instrument or these Conditions or the allotment and issue and holding of the Conversion Shares cannot be carried out lawfully or cannot be carried out lawfully without the Company first having to take certain actions in such jurisdiction;

"**SFC**" the Securities and Futures Commission of Hong Kong;

"**Shareholders**"	the holders of Shares;
"**Shares**"	ordinary shares of par value HK$0.1 each of the Company or shares of any class or classes resulting from any sub-division, consolidation or re-classification of such shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or distribution of the Company;
"**Specified Office**"	the office of the Company, situated at Workshop C, 31/F TML Tower, 3 Hoi Shing Road, Tsuen Wan New Territories, Hong Kong for the time being;
"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited;
"**Subsidiary**"	any company or other business entity of which the Company owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers, trustees or other governing body of such company or other business entity or any company or other business entity which at any time has its accounts consolidated with those of the Company or which, under Hong Kong law, regulations or generally accepted accounting principles in Hong Kong from time to time, should have its accounts consolidated with those of the Company;
"Takeovers Code"	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs; and
"**taxation**"	all forms of taxation, including taxation in Hong Kong and in any territory outside Hong Kong and all forms of profits tax (income tax), interest tax, value added tax, stamp duty and all levies, imposts, duties, charges, fees, deductions and withholdings whatsoever charged or imposed by any statutory, governmental, state, federal, provincial, local or municipal authority whatsoever whether on or in respect of profits, income, revenue, sales, trading, the use, ownership or licensing to or from any person of tangible or intangible assets and the carrying on of other activities, including any fines, interests or other payments relating to taxes, the loss of relief

and exemption from and the loss of right of repayment or credit of any tax already paid, and the expression "**tax**" shall be construed accordingly.

1.2 **Construction of certain references:** References in these Conditions to:

(1) costs, charges, remuneration or expenses shall include any value added tax, turnover tax or similar tax charged in respect thereof;

(2) any action, remedy or method of judicial proceedings for the enforcement of rights of creditors shall include, in respect of any jurisdiction other than Hong Kong, references to such action, remedy or method of judicial proceedings for the enforcement of rights or creditors available or appropriate in such jurisdiction as shall most nearly approximate thereto;

(3) any reference to an obligation to be performed or warranty to be given by more than one person, it shall be deemed to be performed or given by the persons jointly and severally;

(4) words denoting the singular number only shall include the plural number also and vice versa;

(5) words denoting one gender only shall include the other genders;

(6) words denoting persons only shall include firms and corporations and vice versa;

(7) time of a day are to Hong Kong time; and

(8) any provision of any statutory or non-statutory provisions (including the Listing Rules and the Statements of Standard Accounting Practice and, as appropriate, Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards) shall be deemed also to refer to any modification or re-enactment thereof or any instrument, order or regulation made thereunder or under such modification or re-enactment.

1.3 **Headings:** Headings shall be ignored in construing these Conditions.

2. STATUS, FORM, DENOMINATION AND TITLE

2.1 **Status:** The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

2.2 **Listing:** No application has been or will be made for the listing of the Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

2.3 **Form and denomination**: The Bonds are issued in registered form in the

denomination of HK$1,000,000 each, save that if the outstanding amount of the Bonds to be issued is less than HK$1,000,000, the Bonds may be issued in such amount. A Certificate will be issued to each Bondholder in respect of its entire registered holding of Bonds (or a Certificate in respect of its entire registered holding of Bonds rounded down to the nearest integral multiple of HK$1,000,000 and a Certificate in respect of the balance). Each Bond and each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register kept by or on behalf of the Company.

2.4 **Title:** Title to the Bonds passes only by registration in the Register. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it or any entry on the Register) and no person will be liable for so treating the holder.

3. TRANSFERS OF BONDS, ISSUE OF CERTIFICATES AND REGISTER

3.1 Transfers

(1) Subject to compliance with the Listing Rules, the Bonds may be transferred in whole or in part, in integral multiples of HK$1,000,000 (or such lesser amount as may represent the entire outstanding principal amount thereof), by a Bondholder to any person, save and except that the Bonds shall not be transferred to a "connected person" (as defined in the Listing Rules) of the Company without the prior written consent of the Company. The Bondholder shall promptly notify the Company of any such transfer.

(2) A transfer shall be effected by delivery of the Certificate issued in respect of the relevant Bond, together with an instrument of transfer in or substantially in the form of Annexure I (or in any usual or common form or such other form as may be approved by the directors of the Company), duly completed and signed by both the transferor and the transferee and, where the transferor and/or transferee is a corporation, under the hand of one of its officers duly authorised in writing or by another duly authorised person thereof, to the Specified Office. No transfer of title to any Bond shall be effective unless and until such transfer is entered in the Register.

(3) The Certificate must be delivered for registration at the Specified Office accompanied by (i) a duly executed transfer form; (ii) in case of the execution of the transfer form on behalf of a corporation by its officers, the authority of that person or those persons to do so; and (iii) such other evidence (including legal opinions) as the Company may reasonably require if the transfer form is executed by some other person on behalf of the Bondholder. The Company shall, within three Business Days of receipt of such documents from the Bondholder, cancel the existing Certificate and issue a new Certificate in favour of the transferee or assignee as applicable.

3.2 Delivery of new certificates

(1) Each new Certificate to be issued upon a transfer of Bonds will, within three

Business Days of receipt by the Company of the form of transfer and such other documents referred to in Condition 3.1(3), be mailed by registered mail or delivered by hand, in each case at the risk of the holder entitled to the Bond, to the address specified in the form of transfer, or made available for collection by the holder entitled to the Bond at the Specified Office.

(2) Where some but not all the Bonds in respect of which a Certificate is issued are to be transferred, converted or redeemed, a new Certificate in respect of the Bonds not so transferred, converted or redeemed will, within three Business Days of delivery of the original Certificate to the Company, be mailed by registered mail or delivered by hand, in each case at the risk of the holder of the Bonds not so transferred, converted or redeemed, to the address of such holder appearing on the Register, or made available for collection by such holder at the Specified Office.

3.3 **Formalities free of charge:** Registration of transfer of Bonds will be effected without charge by or on behalf of the Company, but upon payment (or the giving of such indemnity as the Company may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

3.4 **Closed periods:** No Bondholder may require the transfer of a Bond to be registered during the period of 7 days ending on the due date for any payment of principal of that Bond.

3.5 **Register of Bondholder(s):** The Company shall or shall procure the Registrar to maintain and keep a full and complete Register at such location as it shall from time to time determine regarding the Bonds, their transfer, conversion, redemption, cancellation and destruction, of all replacement Certificates issued in substitution for any mutilated, defaced, lost, stolen or destroyed Certificates and of sufficient identification details (including addresses and authorised signatories) of all Bondholder(s) from time to time holding the Bonds. The Company or the Registrar shall further procure that such Register or duplicate whereof shall be made available to any Bondholder for inspection at all reasonable times.

3.6 **Replacement of Certificates:** If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the Specified Office upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Company may reasonably require and on payment of such fee not exceeding HK$50 as the Company may determine. Mutilated or defaced Certificates must be surrendered before replacements will be issued. In case of stolen or lost Certificate, the holder shall execute a deed of indemnity in favour of the Company on such terms as the Company may reasonably require as a condition to replacement issue of the Certificate.

4. INTEREST

4.1 **Interest rate:** The Bonds shall be interest free.

5. CONVERSION

5.1 **Conversion Right**

(1) **Right to Convert:** Subject as provided herein, Bondholder(s) have the right to convert their the whole of part of the outstanding amount of the Bonds into Shares at any time during the Conversion Period, save as to any principal amount to be redeemed by the Company following the service of any Default Redemption Notice on the Company in accordance with Condition 7.1 on or before the date on which the Conversion Notice is served.

(2) **Minimum conversion amount:** Subject to, and upon compliance with, the provisions of these Conditions, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time during the Conversion Period in amounts not less than a whole multiple of HK$1,000,000 on such conversion, save that if at any time the outstanding principal amount of the Bond held by a Bondholder is less than HK$1,000,000, or if a Bondholder intends to exercise the Conversion Rights attached to the entire principal amount of all the Bonds held by it, the Bondholder may convert the whole (but not part only) of such outstanding principal amount of the Bonds.

(3) **Quantity of Conversion Shares:** The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the relevant Bond (or, in the case of a conversion of part only of the Bonds represented by a Certificate, the principal amount thereof being converted) by the Conversion Price in effect on the Conversion Date. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

(4) **Extinction of right to repayment:** The right of the converting Bondholder to repayment of the principal amount of the Bond, and premium (if any), being converted shall be extinguished and released on the Conversion Date.

(5) **Fractions of Shares:** Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after the Issue Date, the Company will upon conversion of Bonds pay in cash (in HK dollars by means of a HK dollar draft drawn on a licensed bank in Hong Kong) a sum equal to such portion of the principal amount of the Bond or Bonds represented by the Certificate deposited in connection with the exercise of Conversion Rights as corresponds to any fraction of a Share not issued as aforesaid if such sum exceeds HK$100.

(6) **Takeovers Code and Listing Rules implications**: Notwithstanding anything to the contrary herein, if the issue of Conversion Shares following the exercise by a Bondholder of the Conversion Rights relating to any of the Bonds held by such Bondholder would result in:

(a) a mandatory general offer being triggered under the Takeovers Code; or

(b) the Company not meeting the Public Float Requirement immediately after the conversion,

then the number of Conversion Shares to be issued pursuant to such conversion

shall be limited to the maximum number of Shares issuable by the Company which would not in the reasonable opinion of the Company result in a breach of the Public Float Requirement or mandatory general offer being triggered under the Takeovers Code (as the case may be) and the balance of the conversion rights attaching to the Convertible Bonds which the Bondholder sought to convert shall be suspended until such time when the Company is able to issue additional Shares in satisfaction of the exercise of the said balance of conversion rights attaching to the Convertible Bonds and at the same time comply with the Public Float Requirement or without triggering a mandatory general offer under the Takeovers Code (as the case may be).

(7) **Compliance with Takeovers Code:** Each Bondholder all or some of whose Bonds are being converted or have been converted into Shares shall comply with all applicable provisions of the Takeovers Code.

(8) **Cash Settlement:** Notwithstanding the Conversion Right of each Bondholder in respect of each Bond, at any time where the delivery of Shares deliverable upon conversion of the Bonds is required to satisfy the Conversion Right in respect of a Conversion Notice, the Company shall have the option, in the event that such issue of Shares would result in (i) a mandatory general offer being triggered under the Takeovers Code; or (ii) breach of its obligations under the Listing Rules, including the Public Float Requirement, to pay to the relevant Bondholder an amount of cash in Hong Kong dollars equal to the Cash Settlement Amount (as defined below) in order to satisfy such Conversion Right, in full or in part as determined at the sole discretion of the Company (and, if in part, in which case the other part shall be satisfied by the delivery of Shares) (the "**Cash Settlement Option**").

In order to exercise the Cash Settlement Option, the Company shall provide notice of the exercise of the Cash Settlement Option (the "**Cash Settlement Notice**") to the relevant Bondholder as soon as practicable but no later than the fifth Business Days following the date of delivery of the Conversion Notice (the date of such notice being the "**Cash Settlement Notice Date**"). The Cash Settlement Notice must specify the number of Shares in respect of which the Company will make a cash payment in the manner described in this Condition. The Company shall provide notice of the calculation of the Cash Settlement Amount to the Bondholder(s) no later than five consecutive trading days following the Cash Settlement Notice Date. The Company shall pay the Cash Settlement Amount in Hong Kong dollars no later than two trading days after completion of the five consecutive trading day period used to determine the Cash Settlement Amount. Payment of the Cash Settlement Amount shall be made by transfer to the registered account of the Bondholder or by Hong Kong dollar cheque drawn on a bank in Hong Kong mailed to the registered address of the Bondholder if it does not have a registered account.

"**Cash Settlement Amount**" means the product of (i) the number of Shares otherwise deliverable upon exercise of the Conversion Right in respect of the Bond(s) to which the Conversion Notice applies, and in respect of which the Company has elected the Cash Settlement Option and (ii) the average of the closing price of the Shares for each day during the five consecutive trading days immediately after the Cash Settlement Notice Date.

5.2 **Conversion Price:** The Conversion Price per Share shall be HK$2.00 subject to adjustment in the manner provided herein.

5.3 **Conversion procedure and related provisions**

(1) **Conversion Notice:** To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at its own expense during normal business hours of the Company at the Specified Office a Conversion Notice in duplicate, together with the original copy of relevant Certificate. A Conversion Notice once delivered shall be irrevocable.

(2) **Conversion Date:** In respect of an exercise of a Conversion Right, the Conversion Date in respect of the relating Bond will be deemed to be:

(a) except in the case described in (b) and (c) below, the Business Day immediately following the date of the surrender of such Bond and delivery of Conversion Notice therefor and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right; or

(b) in the case where Condition 5.1(6) is applicable, the Conversion Date shall be the day immediately following the date on which conversion is no longer suspended by the Company, and if such date shall fall on the period during which the Company's register of members is closed, the Conversion Date shall be the day immediately following the date on which the Company's register of members is re-open after such period; or

(c) where the date of surrender and delivery as aforesaid falls on the period during which the Company's register of members is closed, the Conversion Date shall be the day immediately following the date on which the Company's register of members is re-open after such period.

(3) **Capital duty etc.:** The Company shall pay any tax arising on conversion (including any taxes or transaction levies or capital or stamp duties payable in Hong Kong and the Cayman Islands by the Company in respect of the allotment and issue of Shares pursuant to the Instrument and listing of the Shares on conversion).

(4) **Delivery of certificates:** As soon as practicable, and in any event not later than 21 days after the Conversion Date, the Company will, in the case of Bonds being converted on exercise of the Conversion Right and in respect of which a Conversion Notice has been delivered and the relevant Certificate and amounts payable by the relevant Bondholder deposited as required by Condition 5.3(1) register the Bondholder or the relevant CCASS participant designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the Company's register of holders of Shares and will cause the Registrar to make a certificate or certificates for the relevant Shares available for collection at the Specified Office.

5.4 **Ranking of Conversion Shares:** The person or persons to whom Shares are issued

upon the exercise of the Conversion Right will become the holder of record of the number of Shares issuable upon conversion with effect from the date they are registered as such in the Company's register of shareholders ("**Registration Date**"). The Shares issued upon conversion of the Bonds will in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date as if the Shares issued on conversion or subscription had been issued on such date (except for any right excluded by mandatory provisions of applicable law). Save as set out below, a holder of Shares issued on conversion of Bonds shall not be entitled to any rights the Record Date for which precedes the relevant Registration Date.

5.5 **Restricted Holders:** No Conversion Rights represented by a Bond may be exercised by any person who is a Restricted Holder, and the exercise of any Conversion Rights by a Bondholder shall constitute a confirmation, representation and warranty by the exercising Bondholder to the Company that such Bondholder is not a Restricted Holder and that all necessary governmental, regulatory or other consents or approvals and all formalities have been obtained and observed by such Bondholder to enable it to exercise legally and validly the relevant Conversion Rights, to hold the Conversion Shares allotted and issued upon exercise of the Conversion Rights and the Company to legally and validly allot the Conversion Shares.

5.6 **Compliance by exercising Bondholder:** In each conversion, compliance must be made by the exercising Bondholder of all applicable exchange control, fiscal and other laws and regulations relating to the exercise of the Conversion Rights and the allotment and issue to it and the holding by it of the Conversion Shares.

5.7 **Consolidation, Amalgamation or Merger:** In the case of any consolidation, amalgamation or merger of the Company with any other corporation (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), or in the case of any sale or transfer of all, or substantially all, of the assets of the Company, the Company will forthwith notify the Bondholder(s) of such event in accordance with Condition 13 and (subject to any restriction prescribed by law) cause the corporation resulting from such consolidation, amalgamation or merger or the corporation which shall have acquired such assets, as the case may be, to execute an instrument supplemental to the Instrument to ensure that the holder of each Bond then outstanding will have the right (during the period in which such Bond shall be convertible) to convert such Bond into, the class and amount of shares and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares which would have become liable to be issued upon conversion of such Bond immediately prior to such consolidation, amalgamation, merger, sale or transfer. The above provisions of this Condition 5.7 will apply in the same way to any subsequent consolidations, amalgamations, mergers, sales or transfers.

6. PAYMENTS

6.1 **Principal:** Payment of principal or premium (if any) will be made by transfer in HK dollars to the registered account of the Bondholder or by HK dollar cheque drawn on a licensed bank in Hong Kong mailed by registered mail to the registered address of the Bondholder if it does not have a registered account, payments of principal and premium (if any) will only be made against surrender of the relevant Certificate at the Specified Office.

6.2 **Registered accounts and addresses:** For the purposes of this Condition, a Bondholder's registered account means the HK dollar account maintained by or on behalf of it with a bank in Hong Kong, details of which appear on the Register at the close of business on the first Business Day (as defined in Condition 6.4 below) before the due date for payment, and a Bondholder's registered address means its address appearing on the Register at that time.

6.3 **Fiscal laws:** All payments are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 8 (Taxation). No commissions or expenses shall be charged to the Bondholder(s) in respect of such payments.

6.4 **Payment initiation:** Where payments is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be given and, where payment is to be made by cheque, the cheque will be mailed, on the due date for payment or, in the case of a payment of principal and premium (if any), if later, on the Business Day on which the relevant Certificate is surrendered at the Specified Office.

7. REDEMPTION, PURCHASE AND CANCELLATION

7.1 **Redemption options:**

(1) Redemption Amount

The redemption amount payable to the Bondholder upon redemption under condition 7.1(2)(i) shall equal to 100 per cent. of the principal amount of the outstanding Bonds to be redeemed and shall be payable in the manner provided in Condition 6 on the due date for payment.

(2) Mandatory Redemption

The Instrument provides that the Bonds shall be mandatorily redeemed by the Company:

(i) upon the occurrence of an event of default as stipulated in Condition 9 and at any time thereafter, the Bondholder may, unless such event of default has been waived in writing by it, by notice in writing ("**Default Redemption Notice**") require the Company to redeem the whole (but not part) of the outstanding principal amount of the Bonds at the redemption amount provided in Condition 7.1(1) whereupon such sum shall become due and payable in the manner provided in Condition 6 on the Business Day falling after the expiry of ten (10) days from the date of such Default Redemption Notice; or

(ii) any Bond which remains outstanding by 4:00 p.m. (Hong Kong time) on the Maturity Date shall be redeemed by the Company at a redemption amount equal to the principal amount of the Bonds and such sum shall be payable to the Bondholder in the manner provided in Condition 6 on the Business Day immediately following the Maturity Date.

7.2 **Purchases:** The Company or any Subsidiary may at any time and from time to time purchase Bonds at any price as agreed between the Company or such Subsidiary and the relevant Bondholder. Any purchase by tender shall be made available to all Bondholder(s) alike.

7.3 **Cancellation:** All Bonds which are redeemed or converted, or purchased by the Company or any of its Subsidiaries, will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Company and such Bonds (and any Bonds purchased by any Subsidiary) may not be reissued or resold.

8. TAXATION

8.1 The Company shall be entitled to withhold from all payments of principal or premium (if any) and interest by the Company any amounts required to be withheld under the applicable law, rule and regulations for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (including without limitation, deduction or withholding on account of taxation on the overall turnover, income, taxation income or capital gain of the Bondholder) imposed or levied by or on behalf of the Cayman Islands or Hong Kong or other jurisdiction or any authority thereof or therein having the power to tax. If the Company is so required to make such withholdings or deductions, payment of the net amount after such deduction or withholdings to the Bondholder(s) will constitute full discharge of the Company's obligations to make such payments.

8.2 References in these Conditions to principal and premium (if any) shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Instrument.

9. EVENTS OF DEFAULT

9.1 Any Bondholder may give notice to the Company upon the occurrence of any of the following events, whereupon the Bonds shall become due and repayable in accordance with Condition 9.2:

(1) **Default:** a default is made by the Company in the performance or observance of any covenant, condition or provision contained in the Instrument or in the Bonds and on its part to be performed or observed (other than the covenant to pay the principal and premium (if any) in respect of any of the Bonds) and such default continues for the period of 14 days following the service by any Bondholder on the Company of notice specifying details of such default and requiring such default to be remedied; or

(2) **Breach of Subscription Agreement:** a material breach of any of the terms of the Subscription Agreement, including a breach of any warranty therein which is not discovered until after the issue and delivery of the Bonds; or

(3) **Dissolution of the Company and Disposals:** a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved or the Company disposes of all or substantially all of its assets,

otherwise, in any such case, than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reorganisation, the terms of which shall have previously been approved in writing by an Ordinary Resolution of Bondholder(s); or

(4) **Encumbrances:** an Encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Company; or

(5) **Insolvency or insolvency proceedings:** the Company becoming insolvent, or the Company having initiated or consented to, or the Company having received service of any applicable winding-up, composition or insolvency law or scheme of arrangement while insolvent and such proceedings not being discharged or stayed within a period of one hundred and twenty (120) days; or

(6) **Distress etc.:** a distress, execution or seizure before judgment is levied or enforced upon or sued out against a material part of the assets or undertaking or property of the Company and is not discharged within seven days thereof; or

(7) **Moratorium and expropriation**: a moratorium is agreed or declared in respect of any indebtedness of the Company, or any governmental authority or agency seizes, compulsorily purchases, expropriates or nationalises all or a substantial part of the assets of the Company; or

(8) **Trading suspension and delisting:** if the Shares are suspended by the Stock Exchange for a period of 180 consecutive trading days or listing of the Shares on the Stock Exchange are being revoked or withdrawn; or

(9) **Insufficient share capital:** save and except where Condition 5.1(6) is applicable, if there is not a sufficient number of Shares available for the fulfilment of the obligations regarding the conversion of the Bonds.

9.2 Upon any such notice being given to the Company, the Bonds will become due and repayable on the Business Day falling after the expiry of ten (10) days from the date of such notice at their principal amount in accordance with Condition 7.

10. PRESCRIPTION

Claims in respect of principal and premium (if any) will become prescribed unless made within 10 years (in the case of principal or premium) from (i) the date upon which the Bonds are converted or (ii) the date on which the Bonds are redeemed or (iii) the Maturity Date, whichever is the earliest.

11. ENFORCEMENT

At any time after the Bonds have become due and repayable, any Bondholder may, at its discretion and without further notice, take such proceedings against the Company as it may think fit to enforce repayment of the Bonds.

12. MEETINGS OF BONDHOLDER(S), MODIFICATION AND WAIVER

12.1 **Meetings:** The Instrument contains provisions for convening meetings of

Bondholder(s) to consider any matter affecting their interests, including the sanctioning by Ordinary Resolution of a modification of the Bonds or the provisions of the Instrument. The quorum at any such meeting for passing an Ordinary Resolution will be two or more persons holding or representing at least 10% in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholder(s) whatever the principal amount of the Bonds so held or represented. An Ordinary Resolution passed at any meeting of Bondholder(s) will be binding on all Bondholder(s), whether or not they are present at the meeting. The Instrument provides that a written resolution signed by or on behalf of a holder or the holders of not less than 50% of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Ordinary Resolution.

12.2 **Modifications and Waivers:** Modifications to the Instrument may be effected only by deed poll, executed by the Company and expressed to be supplemental to the Instrument, and (save for minor amendments by the Company which shall not adversely affect the rights of the Bondholder(s) under the Instrument) only if it shall first have been sanctioned by an Ordinary Resolution of the Bondholder(s).

12.3 **Interests of Bondholder(s):** In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification or waiver) the Company shall have regard to the interests of the Bondholder(s) as a class and shall not have regard to the consequences of such exercise for individual Bondholder(s) and the Company shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Company any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholder(s).

13. NOTICES

13.1 Every Bondholder shall register with the Company an address either in Hong Kong or elsewhere to which notices can be sent and if any Bondholder shall fail to do so, notice may be given to such Bondholder by sending the same in any of the manners hereinafter mentioned to its last known place of business or residence or, if there be none, by posting up the same to the Company for three days at Workshop C, 31/F TML Tower, 3 Hoi Shing Road, Tsuen Wan New Territories, Hong Kong (or such other address as shall be notified in writing by the Company to the Bondholder(s) from time to time with specific reference to this Instrument).

13.2 A notice shall be given by personal delivery or prepaid registered mail (registered airmail in the case of an overseas address to where airmail service is available).

13.3 All notices with respect to Bonds standing in the names of joint holders shall be given to whichever of such persons is named first on the Register and notice so given shall be sufficient notice to all the holders of such Bonds.

13.4 Notices sent by personal delivery or prepaid registered mail or the posting of the same at Workshop C, 31/F TML Tower, 3 Hoi Shing Road, Tsuen Wan New Territories, Hong Kong (or such other address as shall be notified in writing by the Company to the Bondholder(s) from time to time with specific reference to this Instrument) or as provided by Condition 13.2 shall be deemed to have been served on the first day after such delivery or the deposit of the letter with postal authorities or in a postbox or, as the case may be, the first day after the first posting up of such notice.

13.5 All notices to Bondholder(s) shall be validly given if mailed to them at their respective addresses stated in the Register.

14. GOVERNING LAW AND JURISDICTION

The Bonds and the Instrument are governed by, and shall be construed in accordance with the laws of Hong Kong. In relation to any legal action or proceedings arising out of or in connection with the Instrument and/or the Bonds the Company has in the Instrument irrevocably submitted to the jurisdiction of courts of Hong Kong.

Annexure I to the Terms and Conditions of the Bonds

FORM OF TRANSFER

FOR VALUE RECEIVED the undersigned hereby transfers to:

……

……

(Please print or typewrite name and address of transferee)

HK$ ……. principal amount of the Bonds in respect of which this Certificate is issued, and all rights in respect thereof.

All payments in respect of the Bonds hereby transferred are to be made (unless otherwise instructed by the transferee) to the following account, which shall (until further notice) be the registered account of the transferee for the purposes of Condition 6.2:

Name of bank :
HK$ account number :
For the account of :

The registered address of the transferee for the purposes of Condition 13.1 is that stated above.

Date: _____

_____	_____
Transferor's name	Transferee's name
_____	_____
Transferor's signature	Transferee's signature
_____	_____
Transferor's witness	Transferee's witness

Notes:

(i) A representative of the Bondholder should state the capacity in which he signs, e.g. director.

(ii) The signature of the person effecting a transfer shall conform to any list of authorised specimen signatures supplied by the registered holder or be certified by a recognised bank, notary public or in such other manner as the Company or the Registrar require.

(iii) Any transfer of the Bonds is only to the extent of, and shall be in accordance with Condition 3 of the Terms and Conditions attached to the Bonds.

Annexure II to the Terms and Conditions of the Bonds

CONVERSION NOTICE

(To be executed and lodged with the Company to exercise the Conversion Rights represented by this Certificate) (*Note (i)*)

To: KFM Kingdom Holdings Limited ("Company")

The undersigned, being the duly registered holder(s) of the Bond represented by this Certificate:

(1) hereby elect(s) to exercise the Conversion Rights on [*] **(Note (ii))** ***(being the Delivery Date) to the extent of HK$ /all of the principal amount represented by this certificate*** **(Note (iii))** ***and to convert such amount for the relevant number of Shares in the capital of the Company at the Conversion Price, and agree(s) to accept such Shares on the terms of the Memorandum and Articles of Association of the Company;***

(2) request(s) that:

(a) the relevant number of Shares be issued in the name(s) of the person(s) whose name(s) stand(s) on the Register as the Bondholder(s) represented by this Certificate and the certificate for such Shares be available for collection at the Specified Office;

(b) a balancing Certificate (if any) in registered form in respect of any outstanding principal amount of Bonds represented by this Certificate be issued in the name(s) of the person(s) whose name(s) stand(s) on the Register as the Bondholder(s) represented by this Certificate and that such balancing Certificates (if any) be sent by post at the risk of such Bondholder(s) to the address of such Bondholder(s) or (in the case of a joint holding) to that one of them whose name stands first on such Register in respect of the Bond represented by this Certificate *(Note (v))*; or

(3) request(s) that the relevant number of Shares be issued in the name(s) of the person(s) whose name(s) stand(s) on the Register as the Bondholder(s) represented by this Certificate and such share certificate together with, if applicable, the balancing certificate referred to in paragraph (2)(b) above be available for personal collection by the Bondholder or its representative *(Note (v)).*

Dated .....

Signature(s) (*Notes (vi) and (vii)*) (1) ..... (2) .....

(3) ..... (4) .....

NOTES:

(i) Exercise of the Conversion Rights represented by this Certificate may be consolidated with the exercise of the Conversion Rights in respect of other Bonds by the use of a consolidated Conversion Notice prepared for this purpose, copies of which are available at the Specified Office.

(ii) Exercise of the Conversion Right shall always be subject to Condition 5.1(6). Subject as aforesaid, the Delivery Date shall be the date of the surrender of the relevant Certificate and delivery of the Conversion Notice.

(iii) If the Bond represented by this Certificate is only exercised in part, the amount inserted in paragraph (1) of this Conversion Notice, subject to Condition 5.1(2) must be a whole multiple of HK$1,000,000. If no amount is inserted, the relevant Conversion Rights will be deemed to have been exercised in respect of the entire principal amount represented by this Certificate.

(iv) The address to be inserted must be one in Hong Kong. If no such address is specified, unless the Bondholder elects for personal collection, the certificate(s) for the Shares together with, if applicable, the balancing Certificate will be sent by post at the risk of such Bondholder to the address of such Bondholder in the Register.

(v) Delete if inappropriate.

(vi) In the case of a joint holding, all joint holders must sign.

(vii) An exercise of any Conversion Rights represented by this Certificate constitutes under the Conditions:

(a) a representation to and warranty in favour of the Company by the exercising Bondholder(s) that he is not a Restricted Holder; and

(b) an acknowledgement to the Company by the exercising Bondholder(s) that the Bonds and the Shares into which the Bonds are convertible cannot be transferred unless registered under the United States Securities Act or unless an exemption from such registration is available.

(viii) In exercising the Conversion Rights represented by this Certificate, compliance must be made by the exercising Bondholder(s) with all applicable exchange control, fiscal and other laws and regulations relating to such exercise and the allotment and issue to it and the holding by it of the Conversion Shares.

SCHEDULE 2 *[Clause 10.3 of the Deed Poll]*

Provisions for meetings of Bondholder(s)

1. The Company at any time may, and upon a request in writing of Bondholder(s) holding not less than one-tenth in principal amount of the Bonds for the time being outstanding shall, convene a meeting of Bondholder(s). Every such meeting shall be held at such time and place as the Directors of the Company may reasonably approve.

2. Subject to paragraph 17 below, at least 14 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the day, time and place of meeting shall be given to the Bondholder(s). The accidental omission to any notice to any of the Bondholder(s) shall not invalidate the proceedings at any meeting.

3. A person (who may, but need not, be a Bondholder) nominated in writing by the Company 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 15 minutes after the time fixed for the meeting the Bondholder(s) present shall choose one of their member to be chairman, failing which the Company may appoint a chairman. The chairman of an adjourned meeting need not be the same person as was chairman of the original meeting.

4. At any such meeting any two or more persons present in person holding Bonds or being proxies or representatives and holding or representing in the aggregate not less than one-tenth in principal amount of the Bonds for the time being outstanding 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 business.

5. If within 30 minutes from the time fixed for any such meeting a quorum is not present the meeting shall, if convened upon the requisition of Bondholder(s), be dissolved. In any other case it shall stand adjourned for such period, not being less than 8 days nor more than 28 days, and to such place, as may be decided by the chairman. At such adjourned meeting two or more persons present in person holding Bonds or voting certificates or being proxies or representatives (whatever the principal amount of the Bonds so held or represented) shall form a quorum and may pass any resolution and 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.

6. The chairman may with the consent of (and shall if directed by) any meeting adjourn such meeting from time to time 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.

7. At least 7 days' notice of any meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and such notice shall state the quorum required at such adjourned meeting. It shall not, however, otherwise be necessary to give any notice of an adjourned meeting.

8. Every question submitted to a meeting shall be decided 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) which he may have as a Bondholder or as a proxy or representative.

9. At any meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the Company or by one or more persons holding one or more Bonds or being proxies or representatives and holding or representing in the aggregate not less than one-fiftieth in principal amount of the Bonds for the time being outstanding, 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.

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

11. 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.

12. The Company (through its representatives) and financial and legal advisers may attend and speak at any meeting of Bondholder(s). No one else may attend at any meeting of Bondholder(s) or join with others in requesting the convening of such a meeting unless he is the holder of a Bond or is a proxy or a representative.

13. At any meeting on a show of hands every person who is present in person and who produces a Bond or is a proxy or a representative shall have one vote and on a poll every person who is so present shall have one vote in respect of each HK$1,000,000 in principal amount of the Bonds so produced or in respect of which he is a proxy or a representative. Any person entitled to more than one vote need not use all its votes or cast all the votes to which he is entitled in the same way.

14. A Bondholder is entitled to appoint another person as its proxy to attend and vote instead of it. A proxy need not be a Bondholder.

15. A meeting of Bondholder(s) shall, subject to the Conditions, in addition to the powers given above, but without prejudice to any powers conferred on other persons by this Instrument, have power exercisable by Ordinary Resolution:

    (a) to sanction any proposal by the Company for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Bondholder(s) against the Company or against any of its property whether such rights shall arise under this Instrument or otherwise;

    (b) to sanction any scheme or proposal for the exchange, substitution or sale of the Bonds for, or the conversion of the Bonds into, or the cancellation of the Bonds in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Company or any other body

corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;

(c) to assent to any modification of this Instrument or the Bonds which shall be proposed by the Company;

(d) to authorise anyone to concur in and do all such things as may be necessary to carry out and give effect to any Ordinary Resolution;

(e) to give any authority, discretion or sanction which under this Instrument or the Bonds is required to be given by Ordinary Resolution;

(f) to appoint any persons (whether Bondholder(s) or not) as a committee or committees to represent the interests of the Bondholder(s) and to confer upon such committee or committee any powers or discretions which the Bondholder(s) could themselves exercise by Ordinary Resolution;

(g) to approve the substitution of any entity for any liability in respect of any act or omission for which it may become responsible under this Instrument or the Bonds;

(h) to make any modification to the provisions contained in this Instrument or the Bonds which would have the effect of:

(i) reducing or cancelling the principal amount of, or interest on, or other amounts in respect of or reducing the rate of interest on, the Bonds; or

(ii) modifying the provisions contained in this Schedule concerning the quorum required at any meeting of Bondholder(s) or the majority required to pass an Ordinary Resolution; or

(iii) sanctioning any compromise or arrangement proposed to be made between the Company and the Bondholder(s) or any of them; or

(iv) discharging or exonerating any person from any liability in respect of any act or omission for which such person may have become responsible under this Instrument or the Conditions; or

(v) amending this provision.

16. An Ordinary Resolution passed at a meeting of Bondholder(s) duly convened and held in accordance with this Instrument shall be binding upon all the Bondholder(s), whether or not present at such meeting and whether or not they vote in favour, and each of the Bondholder(s) shall be bound to give effect to it accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of such resolution justify the passing of it.

17. The expression ***Ordinary Resolution*** means a resolution passed at a meeting of Bondholder(s) duly convened and held in accordance with these provisions by a

majority consisting of not less than half of the votes cast. A written resolution signed by or on behalf of a holder or the holders of not less than 50% of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Ordinary Resolution.

18. Minutes of all resolutions and proceedings at every such meeting shall be made and entered in the books to be from time to time provided for that purpose by the Company and any such minutes, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings transacted or by the chairman of the next succeeding meeting of Bondholder(s), shall be conclusive evidence of the matters contained in them and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

19. Subject to all other provisions contained in this Instrument the Company may without the consent of the Bondholder(s) prescribe such further regulations regarding the holding of the meetings of Bondholder(s) and attendance and voting at them as the Company may in its sole discretion determine including particularly (but without prejudice to the generality of the foregoing) such regulations and requirements as the Directors of the Company think reasonable so as to satisfy themselves that persons who purport to requisition a meeting in accordance with paragraph 1 are, in fact, Bondholder(s), their proxies or representatives.

SCHEDULE 2

PART 1

The Company's Warranties

1. The Agreement and the Bonds

1.1 Subject to the satisfaction of the conditions precedent in Clause 3 of this Agreement, the Company has full power and authority to enter into, deliver and perform this Agreement and the Instrument and to issue the Bonds and its entering into, delivery and performance of this Agreement and the Instrument has been duly authorised by all necessary corporate actions and will, when executed, constitute legal, valid and binding obligations on the Company, enforceable in accordance with their respective terms. In entering into this Agreement, the Company does not do so in breach of any applicable legislation.

1.2 The Company will on Completion have sufficient authorised but unissued share capital for the Company to perform its obligations to issue the Shares under the Bonds and the directors of the Company will be authorised to issue the Bonds, convertible into the Shares;

1.3 Subject as otherwise provided herein, the issue of the Bonds will not infringe and will not be contrary to any applicable laws of the Cayman Islands and Hong Kong and will not result in any breach of the terms of the memorandum and articles of association of the Company and of any agreement or obligation applicable to the Company or constitute a default under any deed, agreement, mortgage or other instrument to which the Company is a party including, but not limiting to, any bank or loan facility or agreement. Compliance with the terms of the Bonds and this Agreement does not and will not at any time result in the creation, imposition, crystallisation or enforcement of any encumbrance whatsoever on or over any of the rights or assets of the Company or in any present or future indebtedness of the Company becoming due and payable or capable of being declared due and payable prior to its stated maturity;

1.4 The Bonds will on issue constitute direct and unconditional obligations of the Company and will, save for such obligations preferred by mandatory provisions of law, at all times rank at least equally with all its other present and future unsecured obligations, subject as described in the terms and conditions of the Bonds.

1.5 Each of the Shares to be issued upon conversion of the Bonds pursuant to the terms and conditions of the Bonds will be free from encumbrances, rank *pari passu* and carry the same rights and privileges in all respects as any other class of ordinary share capital of the Company and, subject as described in the terms and conditions of the Bonds, shall be entitled to all dividends and other distributions declared, paid or made thereon after their date of issue.

2. The Company and members of the Group

2.1 As at the date of this Agreement, the Company's authorised share capital consists of 4,500,000,000 Shares, of which 600,000,000 Shares are issued. All of the issued Shares have been duly authorised and validly issued and are fully paid or credited as fully paid and are currently listed and traded on the Main Board of the Stock Exchange.

2.2 None of the Group members has granted any options, warrants or other rights to call for the issue of or agreed to issue at any time before or after the date of this Agreement any share or loan capital or any instrument convertible into or exchangeable for shares of such capital, and none of the Group members is a party to or otherwise bound by any agreement for the purchase or repurchase of shares of any Group member.

2.3 No material litigation, arbitration or administrative proceeding against or involving the Company is currently taking place or pending or threatened against the Company or its assets.

2.4 The Company is not in default under any law, regulation, judgment, order, authorisation, agreement or obligation applicable to it or its assets or revenues in all material respects, the consequences of which default could materially and adversely affect its business or financial condition or the ability of the Company to perform its obligations under this Agreement or the Bonds and no event of default has occurred in all material respects.

2.5 No event exists or has occurred and no condition is in existence which would be (after the issue of the Bonds) an event of default (as defined under the Conditions relating to the Bonds) and no event or act has occurred which, with the giving of notice, or the lapse of time, or both, would (after the issue of the Bonds), constitute such an event of default.

2.6 Save for the subscription agreements entered into between the Company, on the one hand, and each of Luxshare Precision Limited, Pelagis Capital Limited, Aqualis Holdings Limited, Truewin Group Co., Ltd., Hong Kong An Tan Co., Limited and WaveBridge Capital Limited on the other hand, on 13 September 2026, there are no options, rights to acquire, or any other form of security or encumbrance on, over or affecting any part of the issued or unissued share capital of the Company and there is no agreement or commitment to give or create any of the foregoing and no claim has been made by any person to be entitled to any of the foregoing in all material respects.

2.7 Since 31 March 2026:

(a) save and except for trading and other losses (if any) in the ordinary course of business which have already been disclosed to the Subscriber, there has been no material adverse change in the financial condition or prospects of the Company;

(b) no dividend or any other distribution has been or will be declared, made or paid by the Company; and

(c) the Company has not, other than in the ordinary and usual course of business, incurred any material additional liabilities whether actual or contingent.

2.8 The audited consolidated financial statements of the Company for the financial year ended 31 March 2026 have been prepared in accordance with accounting principles generally accepted in Hong Kong and give a true and fair view of the state of affairs and financial position of the Group and of its results for the financial year then ended.

2.9 The Company is solvent and able to pay its debts as they fall due and will not become insolvent or unable to pay its debts as a result of the issue of the Bonds, and no petition

has been presented, no resolution has been passed and no order has been made for the winding-up of any member of the Group and no receiver or manager has been appointed over the whole or any material part of its or their assets in all material respects.

SCHEDULE 2

PART 2

SUBSCRIBER'S WARRANTIES

1. The Subscriber has full power to enter into and perform this Agreement and this Agreement will, when executed, constitute legal, valid and binding obligations on the Subscriber in accordance with its terms.

2. All governmental, regulatory and other approvals, authorisations and consents required to be obtained by the Subscriber in connection with the entering into this Agreement, the subscription of the Bonds, the exercise of the conversion and/or subscription rights attaching to the Bonds, the holding and sale of the Shares falling to be issued upon the exercise of the Conversion Rights have been obtained by the Subscriber and are in full force and effect.

3. The Subscriber is validly constituted, existing and incorporated and in good standing under the laws of its place of incorporation and has the requisite corporate and legal power to own all its properties and assets and to carry on its business within the scope of its constituent documents and in compliance with all material respects with all applicable laws and regulations.

4. The Subscriber understands and acknowledges that no action has been or will be taken in any jurisdiction that would permit an offer and/or sale of the Bonds and the Shares or possession or distribution of any offering or publicity material relating to the Bonds and the Shares in any jurisdiction, except for (i) the subscription of the Bonds pursuant to this Agreement; and (ii) dealings of the Shares issued upon the exercise of the Conversion Rights on or through the Stock Exchange at any time after such issue. The Subscriber agrees that it will comply with all laws and regulations applicable to it in each jurisdiction for the subscription of the Bonds, the exercise of the Conversion Rights and the holding of the Shares falling to be issued upon such exercise.

5. The Subscriber has not relied on any statement, opinion or representation (except the Company's Warranties) made by or on behalf of the Company as inducement to enter into this Agreement. The Subscriber has made and will continue to make its own appraisal of the Group, the Conversion Right and all matters referred to in this Agreement and the Conversion Right.

6. The Subscriber agrees that it will not offer, sell or deliver any Bonds and Shares or distribute or publish any prospectus, form of application, offering circular, advertisement or other offering material in connection therewith in any country or jurisdiction except under circumstances that will result in compliance with any applicable law and regulations.

7. The Subscriber does not fall under the category of "US person" under the United States Securities Act of 1933, as amended.

8. The Subscriber irrevocably and unconditionally undertakes to and confirms to the Company that, from the date of this Agreement until (i) the lapse of the sale and purchase agreement entered into between KIG Real Estate Holdings Limited (as vendor), Sun Kwok Wah Peter (as guarantor) and Luxshare Precision Limited (as purchaser); and (ii)

the close (or lapse) of the Possible Mandatory Offer (whichever is earlier), it shall not, and shall procure that its associates and parties acting in concert with it (within the meaning of the Takeovers Code) shall not (a) accept or agree to accept the Possible Mandatory Offer for any Bonds directly or indirectly held, owned, controlled or directed by it or them; (b) exercise any Conversion Right attaching to the Bonds during the offer period of the Possible Mandatory Offer; or (c) sell, transfer, charge, pledge, encumber or otherwise dispose of any Bonds to the offeror of the Possible Mandatory Offer or any person acting in concert with it.

SCHEDULE 3

COMPLETION REQUIREMENTS

1. Obligations of the Company

The Company shall deliver to the Subscriber:

(1) a copy of the letter from the Stock Exchange confirming that the Listing Committee of the Stock Exchange has granted listing of and permission to deal in the Shares to be issued upon the exercise of the Conversion Rights attaching to the Bonds;

(2) a copy, certified as true by a director of the Company, of the Instrument duly executed by the Company; and

(3) definitive Certificate(s) for all the Bonds issued in favour of the Subscriber.

2. Obligations of the Subscriber

(1) The Subscriber shall make payment of the Subscription Price for the Bonds by delivering to the Company a cashier order issued by a licensed bank in Hong Kong drawn for the sum required or settle such payment with the Company in immediately available and transferable funds or such other method as agreed between the Company and the Subscriber; and

(2) deliver (1) original of a deed of undertaking (in the agreed form set out in Schedule 4 to the Instrument) in connection with the irrevocable and unconditional undertaking not to accept the Possible Mandatory Offer, duly executed by the Subscriber.

SCHEDULE 4

DEED OF IRREVOCABLE UNDERTAKING

Date: 2026

To: KFM Kingdom Holdings Limited
(the "**Company**")

Dear Sirs,

Subscription agreement (the "Subscription Agreement") dated [*] September 2026 for the HK$[*] (zero-coupon) convertible bonds due 2029 ("Bonds") equal to the principal amount of HK$[*]

Reference is made to the Subscription Agreement. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Subscription Agreement.

1. [I/We], the undersigned, [am/are] the holder of [*] zero-coupon convertible bonds in an aggregate principal amount of HK$[*].

2. From the date of this undertaking until (i) the lapse of the sale and purchase agreement entered into between KIG Real Estate Holdings Limited (as vendor), Sun Kwok Wah Peter (as guarantor) and Luxshare Precision Limited (as purchaser); and (ii) the close (or lapse) of a possible unconditional mandatory cash offer to be made by Luxshare Precision Limited (the "**Possible Mandatory Offer**") (whichever is earlier), [I/we] irrevocably and unconditionally undertake to and confirm that [I/we] shall not, and shall procure that [my/our] associates and parties acting in concert with [me/us] (within the meaning of Hong Kong Codes on Takeovers and Mergers and Share Buy-backs) shall not (a) accept or agree to accept the Possible Mandatory Offer for any Bonds directly or indirectly held, owned, controlled or directed by me or us; (b) exercise any conversion right attaching to the Bonds during the offer period of the Possible Mandatory Offer; or (c) sell, transfer, charge, pledge, encumber or otherwise dispose of any Bonds to the offeror of the Possible Mandatory Offer or any person acting in concert with it.

3. [I/We] consent to the issue of announcement(s), composite document(s) to all shareholders of the Company containing details of the Possible Mandatory Offer and other relevant document(s) with references to [me/us] and/or to this undertaking (including its contents) as the Company may reasonably require in order to comply with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs, and other applicable rules, laws and regulations.

4. This undertaking shall be governed by and construed in accordance with Hong Kong law. We hereby irrevocably submit to the exclusive jurisdiction of the Hong Kong courts.

IN WITNESS WHEREOF this undertaking has been executed and is intended to be and is hereby delivered as a deed on the date first above written.

SIGNATORIES

Sealed with the common seal of)
[*])
and signed by its director)
)
in the presence of:)
)

L.S.

Name of witness:
Address of witness:
Signature of witness:

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

THE COMPANY

SIGNED by)
WONG Chi Kwok)
for and on behalf of)
KFM Kingdom Holdings Limited)
in the presence of:)

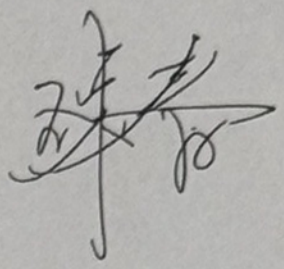




Witness' signature :
Witness' name : Kwok Kin Chi
Witness' occupation : Accountant
Witness' address : Workshop C, 31/F, TML Tower,
3 Hoi Shing Road,
Tsuen Wan, N.T. H.K

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

SUBSCRIBER
SIGNED by Wang Lai Chun)
)
for and on behalf of)
Luxshare Precision Limited)
in the presence of:)



Witness' signature : 霄芳芳
Witness' name : 霄芳芳
Witness' occupation: 法务
Witness' address : 广东省东莞市清溪镇北环一路313号

Dated the 30th day of September 2026

KFM Kingdom Holdings Limited
(as Company)

and

Luxshare Precision Limited
(as Subscriber)

SUPPLEMENTAL AGREEMENT
TO
SUBSCRIPTION AGREEMENT

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT ("**this Agreement**") is entered into as of the 30th day of September 2026

BETWEEN:

(1) **KFM Kingdom Holdings Limited**, a company incorporated in Cayman Islands with limited liability, whose registered address is Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands ("**Company**"); and

(2) **Luxshare Precision Limited**, a company incorporated in Hong Kong with limited liability, whose registered address is Room 1621, Floor 16, Ocean Centre, No.5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong ("**Subscriber**").

RECITALS:

(A) The Company and the Subscriber entered into a subscription agreement on 13 September 2026 (the "**Subscription Agreement**"), pursuant to which the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to issue, the Convertible Bonds in the principal amount of HK$252,000,000.

(B) The parties wish to amend the terms of the Subscription Agreement.

1. DEFINITIONS AND INTERPRETATION

1.1 Unless the context requires otherwise, capitalised terms shall have the meaning given to them in the Subscription Agreement.

1.2 In this Agreement, unless the context requires otherwise, words importing the singular shall include the plural and vice versa; references to the Subscription Agreement and this Agreement shall be construed as references to such document as the same may be amended or supplemented from time to time unless stated otherwise; clause headings are inserted for convenience only and shall be ignored in construing this Agreement.

2. AMENDMENT

2.1 **Amendment of Longstop Date.** It is agreed between the parties that definition of "**Longstop Date**" set out in Clause 1.1 of the Subscription Agreement shall be deleted in its entirety and replaced with the following:

"" **Longstop Date**" 31 December 2026 or such other date as the Company and the Subscriber shall agree in writing."

2.2 **Amendment to Clause 8.1 of Schedule 1.** It is agreed between the parties that Clause 8.1 of Schedule 1 to the Subscription Agreement beginning with "8.1 Capital structure alteration" shall be deleted in its entirety and replaced with the following:

"8.1 Subject as hereinafter provided, the Conversion Price shall from time to time be adjusted in accordance with the following relevant provisions, and if the event giving rise to any such adjustment shall be capable of falling within more than one

SUPPLEMENTAL AGREEMENT

of paragraphs (1) to (7) below it shall fall within the first of the applicable paragraphs to the exclusion of the remaining paragraphs:

(1) If and whenever the Shares by reason of any consolidation or sub-division become of a different nominal amount, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the revised nominal amount and dividing the result by the former nominal amount. Each such adjustment shall be effective from the close of business in Hong Kong on the day immediately preceding the date on which the consolidation or sub-division becomes effective.

(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 (including any share premium account or capital redemption reserve), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the aggregate nominal amount of the issued Shares immediately before such issue and dividing the result by the sum of such aggregate nominal amount and the aggregate nominal amount of the Shares issued in such capitalisation. 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 any Capital Distribution (as defined in Clause 8.1A) to holders (in their capacity as such) of Shares (whether on a reduction of capital or otherwise) 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 distribution or grant shall be adjusted by multiplying it by the following fraction:

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

where:

A is the closing price per Share on the Stock Exchange on the business day immediately preceding the date on which the Capital Distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the grant; and

B is the fair market value on the date of such announcement or (as the case may require) the immediately preceding day, as determined in good faith by the Approved Professional Adviser, of the portion of the Capital Distribution or of such rights which is attributable to one Share.

Provided that:

(a) if in the opinion of the Approved Professional Adviser, the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine (and in such event the above

SUPPLEMENTAL AGREEMENT

formula shall be construed accordingly) the amount of the said closing price which should properly be attributed to the value of the 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 nor to a purchase by the Company of its own Shares in accordance with the provisions of the Companies Act of the Cayman Islands.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for the 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 per cent. of the market price at the date of the announcement of the terms of the offer or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by the following fraction:

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

where:

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

B is the number of Shares which the aggregate of the amount (if any) payable for the rights, options or warrants being offered or granted and of the amount payable for the total number of new Shares being offered for subscription or comprised therein would purchase at such market price; and

C is the number of Shares in issue on the date of such announcement plus the aggregate number of Shares offered for subscription or comprised in the options or warrants being granted.

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 or any other company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares and the total Effective Consideration per Share initially receivable for such securities is less than 80 per cent. of the market price at the date of the announcement of the terms of issue of such securities, the Conversion

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Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by the following fraction:

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

where:

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

B is the number of Shares which the total Effective Consideration receivable for the securities issued would purchase at such market price; and

C is the number of Shares in issue immediately before the date of the issue of such securities plus the number of Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities at the initial conversion or exchange rate or Conversion Price.

Such adjustment shall become effective (if appropriate retrospectively) from the close of business in Hong Kong on the business day immediately after the date of the announcement of the terms of such securities is announced.

(b) If and whenever the rights of conversion or exchange or subscription attached to any such securities as mentioned in sub-paragraph (a) of this paragraph (5) are modified so that the total Effective Consideration per Share initially receivable for such securities shall be less than 80 per cent. of the price which is the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by a fraction of which the numerator is the number of Shares in issue immediately before the date of such modification plus the number of Shares which the total Effective Consideration receivable for the securities issued at the modified conversion or exchange price would purchase at the market price at the date of the announcement of such proposal and of which the denominator is the number of Shares in issue immediately before the date of such modification plus the number of Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by, such securities at the 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 or subscription 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 adjustment of conversion or exchange terms.

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For the purposes of this paragraph (5), the "**total Effective Consideration**" receivable for the securities issued shall be deemed to be the aggregate consideration receivable by the issuer for any such securities plus the additional minimum consideration (if any) to be received by the issuer and/or the Company (if not the issuer) upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights and the "**Effective Consideration per Share**" initially receivable for such securities shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange rate or the exercise of such subscription rights at the initial Conversion Price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

(6) If and whenever the Company shall issue wholly for cash any Shares (other than Shares issued to eligible participants, or their personal representatives, pursuant to a share option scheme) at a price per Share which is less than 80 per cent. 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 before the date of such announcement by a fraction of which the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate amount payable for the issue would purchase at such market price and the denominator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares so issued. Such adjustment shall become effective on the date of the issue.

(7) If and whenever the Company shall purchase any Shares or securities convertible into Shares or any rights to acquire Shares (other than on the Stock Exchange or any other stock exchange recognised for such purpose) and the Directors cancel such Shares, securities convertible into Shares or rights to acquire Shares, the Directors may if they consider it appropriate make an adjustment to the Conversion Price provided that the Directors shall have appointed an Approved Professional Adviser 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 the Approved Professional Adviser shall consider in its opinion that it is appropriate to make an adjustment to the Conversion Price, the Directors shall make an adjustment to the Conversion Price in such manner as the Approved Professional Adviser 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 purchases by the Company are made.

8.1A For the purposes of Sub-clause 8.1:

"**announcement**" shall include the releases of an announcement on the website operated by the Stock Exchange or the delivery or transmission by telephone, facsimile or otherwise of an announcement to the Stock Exchange and "**date of announcement**" shall mean the date on which the announcement is first so

SUPPLEMENTAL AGREEMENT

released, delivered or transmitted and "**announced**" shall have a corresponding meaning;

"**Capital Distribution**" shall (without prejudice to the generality of that phrase) include distributions in cash or specie. 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 provided that any dividend shall be excluded from the definition of "**Capital Distribution**" if:

(i) it is paid out of the aggregate of the net profits (less losses) attributable to the holders of Shares for all financial periods after that ended 31 March 2026 as shown in the audited consolidated profit and loss account of the Company and its Subsidiaries for each such financial period or out of the retained earnings or pre-acquisition profits of the Company and its Subsidiaries as at the period ended 31 March 2026; or

(ii) to the extent that (i) above does not apply, the rate of that dividend, together with all other dividends on the class of capital in question charged or provided for in the accounts for the financial period in question, does not exceed the aggregate rate of dividend on such class of capital charged or provided for in the accounts for the last preceding financial period. In computing such rates, such adjustments may be made as are in the opinion of the Approved Professional Adviser of the Company appropriate to the circumstances and shall be made in the event that the lengths of such periods differ materially;

"**issue**" shall include allot;

"**market price**" means the average of the closing price per Share on the Stock Exchange in respect of dealings in board lots for the ten consecutive business days ending on the last business day preceding the day on or as of which the market price is to be ascertained;

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

"**rights**" includes rights in whatsoever form issued; and

"**Shares**" includes, for the purposes of Shares comprised in any issue, distribution or grant pursuant to paragraphs (2), (3), (4), (5) or (6) of Sub-clause 8.1, any such shares of the Company as, when fully paid, will be Shares.

8.1B 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 Professional Adviser to consider whether any adjustment to the Conversion Price is appropriate (and if the Approved Professional Adviser shall certify that any such adjustment is appropriate, the Conversion Price shall be adjusted accordingly).

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8.1C Notwithstanding the provisions of Sub clause 8.1, 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 said provisions, the Directors may appoint an Approved Professional Adviser to consider whether for any reason whatever 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 the Approved Professional Adviser 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) as shall be certified by the Approved Professional Adviser to be in its opinion appropriate.

2.3 **Amendment to Clause 8.2(2) of Schedule 1.** It is agreed between the parties that Clause 8.2 of Schedule 1 to the Subscription Agreement beginning with "8.2(2) Further provisions" shall be deleted in its entirety and replaced with the following:

(2) The provisions of paragraphs (2), (3), (4), (5) and (6) of Sub-clause 8.1 shall not apply to:

(i) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon exercise of any rights (including the Conversion Rights) to acquire Shares;

(ii) an issue of Shares or other securities of the Company or any Subsidiary wholly or partly convertible into, or carrying rights to acquire, Shares to eligible participants or their personal representatives pursuant to a share option scheme;

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

(iv) an issue of Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value of such Shares is not more than 110 per cent. of the amount of the dividend which holders of the 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 five (or more) consecutive business days falling within the period of one month ending on the last day on which holders of Shares may elect to receive or (as the case may be) not to receive the relevant dividend in cash; and

(v) the issue of Shares pursuant to the Subscription Agreements.

2.4 **Amendment to Schedule 2.** It is agreed between the parties that paragraph 8 of Part 2 of Schedule 2 to the Subscription Agreement beginning with "8. The Subscriber irrevocably and unconditionally undertakes" shall be deleted in its entirety and replaced with the

SUPPLEMENTAL AGREEMENT

following:

"8. The Subscriber irrevocably and unconditionally undertakes to and confirms to the Company that, from the date of this Agreement until (i) the lapse of the sale and purchase agreement entered into between KIG Real Estate Holdings Limited (as vendor), Sun Kwok Wah Peter (as guarantor) and Luxshare Precision Limited (as purchaser); or (ii) the close (or lapse) of the Possible Mandatory Offer (whichever is earlier), it shall not, and shall procure that its associates and parties acting in concert with it (within the meaning of the Takeovers Code) shall not (a) accept or agree to accept the Possible Mandatory Offer for any Bonds directly or indirectly held, owned, controlled or directed by it or them; (b) exercise any Conversion Right attaching to the Bonds during the offer period of the Possible Mandatory Offer; or (c) sell, transfer, charge, pledge, encumber or otherwise dispose of any Bonds."

2.5 **Amendment to Schedule 4.** It is agreed between the parties that paragraph 2 of Schedule 4 to the Subscription Agreement beginning with "2. From the date of this undertaking until" shall be deleted in its entirety and replaced with the following:

"2. From the date of this undertaking until (i) the lapse of the sale and purchase agreement entered into between KIG Real Estate Holdings Limited (as vendor), Sun Kwok Wah Peter (as guarantor) and Luxshare Precision Limited (as purchaser); and (ii) the close (or lapse) of a possible unconditional mandatory cash offer to be made by Luxshare Precision Limited (the "Possible Mandatory Offer") (whichever is earlier), [I/we] irrevocably and unconditionally undertake to and confirm that [I/we] shall not, and shall procure that [my/our] associates and parties acting in concert with [me/us] (within the meaning of Hong Kong Codes on Takeovers and Mergers and Share Buy-backs) shall not (a) accept or agree to accept the Possible Mandatory Offer for any Bonds directly or indirectly held, owned, controlled or directed by me or us; (b) exercise any conversion right attaching to the Bonds during the offer period of the Possible Mandatory Offer; or (c) sell, transfer, charge, pledge, encumber or otherwise dispose of any Bonds."

3. ACKNOWLEDGEMENT

The Company and the Subscriber acknowledge that, save for the terms and conditions amended by this Agreement, all terms and conditions of the Subscription Agreement shall remain unchanged and in full force and effect. The Subscription Agreement and this Agreement shall be read and construed as one instrument, and references to "this Agreement" (or words to similar effect) in the Subscription Agreement shall be construed as references to the Subscription Agreement as amended by this Agreement.

4. GOVERNING LAW AND JURISDICTION

4.1 This Agreement shall be governed by and construed in accordance with Hong Kong law.

4.2 The courts of Hong Kong are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and accordingly any legal action or proceedings arising out of or in connection with this Agreement ("**Proceedings**") may be brought in such courts. Each of the parties hereto irrevocably submits to the jurisdiction of such courts in connection with legal proceedings against one another to enforce the provisions of the Agreement (but not with respect to any

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proceedings brought by a third party) and waives any objections to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

5. COUNTERPARTS

This Agreement may be executed by the parties hereto in any number of counterparts and on separate counterparts, each of which when so executed shall be deemed an original but all of which shall constitute one and the same instrument and is binding on all parties. A party may execute this Agreement on an email or facsimile copy counterpart and deliver its signature and seal by email or facsimile.

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

THE COMPANY

SIGNED by)
WONG Chi Kwok)
for and on behalf of)
KFM Kingdom Holdings Limited)
in the presence of:)

Witness' signature :
Witness' name : Kwok Kin Chi
Witness' occupation: Accountant
Witness' address : 31/C, 31/F, TML Tower,
Hoi Shing Road, Tsuen Wan, N.T., HK

SUBSCRIBER

SIGNED by)
Wang Lai Chun)
for and on behalf of)
Luxshare Precision Limited)
in the presence of:)

Witness' signature :
Witness' name :
Witness' occupation:
Witness' address :

proceedings brought by a third party) and waives any objections to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

5. **COUNTERPARTS**

This Agreement may be executed by the parties hereto in any number of counterparts and on separate counterparts, each of which when so executed shall be deemed an original but all of which shall constitute one and the same instrument and is binding on all parties. A party may execute this Agreement on an email or facsimile copy counterpart and deliver its signature and seal by email or facsimile.

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

THE COMPANY
SIGNED by)
)
for and on behalf of)
KFM Kingdom Holdings Limited)
in the presence of:)

Witness' signature :
Witness' name :
Witness' occupation:
Witness' address :

SUBSCRIBER
SIGNED by)
Wang Lai Chun)
for and on behalf of)
Luxshare Precision Limited)
in the presence of:)

Witness' signature : 雷芳芳
Witness' name : 雷芳芳
Witness' occupation: 法务
Witness' address : 广东省东莞市清溪镇北环路313号

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