

# Subscription Agreement

Ernest Borel Holdings Limited

and

Phoenix Green Limited

in respect of an issue of  
HK\$100,000,000 10% convertible bonds by  
**ERNEST BOREL HOLDINGS LIMITED**

**THIS AGREEMENT** dated 5 January 2017 is made

**BETWEEN:-**

- (1) **PHOENIX GREEN LIMITED**, a company incorporated in the British Virgin Islands whose registered address is at P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands (the "**Subscriber**"); and
- (2) **ERNEST BOREL HOLDINGS LIMITED**, a company incorporated in the Cayman Islands whose principal place of business in Hong Kong is at Unit 1612-18, Level 16, Tower 1, Grand Century Place, 193 Prince Edward Road West Mongkok, Kowloon Hong Kong (the "**Company**"),

each a "**party**" and collectively the "**parties**".

**WHEREAS:-**

- (A) the Company is a company incorporated in the Cayman Islands and having an authorised share capital of HK\$100,000,000 divided into 10,000,000,000 Shares of which 347,437,000 Shares are in issue and are fully paid or credited as fully paid as at the date of this Agreement; and
- (B) the Company has agreed to issue, and the Subscriber has agreed to subscribe for, HK\$100,000,000 in aggregate principal amount of Bonds upon and subject to the terms and conditions set out in this Agreement.

NOW IT IS HEREBY AGREED as follows:

**1. DEFINITIONS AND INTERPRETATIONS**

- 1.1 In this Agreement, unless otherwise expressed or required by context, the following expressions shall have the respective meanings set opposite hereto, as follows:

" <b>Announcement</b> "	means the announcement to be made by the Company concerning, inter alia, this Agreement and the issue of the Bonds as required by the Listing Rules as (only so far as it relates to the description of the Subscriber) approved by the Subscriber;
" <b>Audited Accounts Date</b> "	means 31 December 2015;
" <b>Business Day</b> "	means any day other than a Saturday on which banks in Hong Kong are open for business;
" <b>Bonds</b> "	means the fixed interest convertible bonds in the principal amount of HK\$100,000,000 to be issued by the Company and to be subscribed by the Subscriber hereunder with the benefit of and subject to the provisions of the Conditions, substantially in the form set out in Schedule I and " <b>Bond</b> " shall be construed accordingly;
" <b>Bondholder</b> "	means the person who is for the time being the holder of a Bond;
" <b>Bond Subscription Amount</b> "	has the meaning set forth in Clause 2.1;
" <b>Companies Ordinance</b> "	means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

<b>"Completion"</b>	means the date fixed for completion pursuant to Clause 4 or, where the context so admits or requires, the performance by the parties hereto of their respective obligations under Clause 4;
<b>"Completion Date"</b>	has the meaning ascribed thereto in Clause 4.1;
<b>"Conditions"</b>	means the terms and conditions to be attached to or form part of the Bonds (with such amendments thereto as the parties may agree), and <b>"Condition"</b> refers to the relative numbered paragraph of the Conditions;
<b>"Conditions Precedent"</b>	means the conditions precedent set out in Clause 3.1;
<b>"Conversion Price"</b>	means HK\$2.00 per Share (subject to adjustments pursuant to the Conditions);
<b>"Conversion Rights"</b>	means the rights attached to the Bonds to convert the principal amount of the Bonds or a part thereof into Conversion Shares in accordance with the Conditions;
<b>"Conversion Shares"</b>	means the Shares to be issued by the Company under the Bonds (upon exercise by a Bondholder of the Conversion Right, or otherwise pursuant to the Conditions);
<b>"Group"</b>	means the Company and its Subsidiaries from time to time and a "member of the Group" shall be construed accordingly;
<b>"HK\$" and "cents"</b>	means Hong Kong dollars and cents, respectively;
<b>"Hong Kong"</b>	means the Hong Kong Special Administrative Region of the People's Republic of China;
<b>" Listing Rules"</b>	means the Rules Governing the Listing of Securities on the Stock Exchange;
<b>"Material Adverse Effect"</b>	means a material adverse effect on the business, operations, property, prospects or financial condition of the Group as a whole;
<b>"Memorandum and Articles of Association"</b>	means the memorandum and articles of association of the Company from time to time;
<b>"Nominee"</b>	means a Subsidiary or holding company (as defined in the Companies Ordinance) of the Subscriber;
<b>"Personal Guarantee"</b>	means the personal guarantee to be granted by Mr. Sit Yau Chiu in relation to the obligations of the Company under the Bonds substantially in the form set out in Schedule II;
<b>"PRC"</b>	means the People's Republic of China;
<b>"SFC"</b>	means the Hong Kong Securities and Futures Commission;

<b>"Shares"</b>	means as at the date hereof shares of HK\$0.01 each in the share capital of the Company;
<b>"Subscription"</b>	means the subscription of the Bonds by the Subscriber under this Agreement;
<b>"Subsidiary"</b>	has the meaning ascribed to it in the Companies Ordinance and <b>"Subsidiaries"</b> shall be construed accordingly;
<b>"Stock Exchange"</b>	means The Stock Exchange of Hong Kong Limited;
<b>"Transaction Documents"</b>	means (i) this Agreement; (ii) the Conditions; (iii) the Personal Guarantee; and (iv) the certificate(s) of the Bonds;
<b>"Warranties"</b>	means the representations, warranties and undertakings contained in Clause 5; and
<b>"Warning Notice"</b>	means the notice to be issued by the Subscriber to Mr. Sit Yau Chiu in form satisfactory to the Subscriber in relation to the Personal Guarantee

- 1.2 Expressions defined in the Conditions shall, unless the context otherwise requires, have the same meanings where used herein.
- 1.3 The expressions **"Company"** and **"Subscriber"** shall where the context permits include their respective successors and permitted assigns and any persons deriving title under them.
- 1.4 In this Agreement, unless the context requires otherwise, references to statutory provisions shall be construed as references to those provisions as replaced, amended, modified or re-enacted from time to time; words importing the singular include the plural and vice versa and words importing gender or the neuter include both genders and the neuter; references to this Agreement or any issue document shall be construed as references to such document as the same may be amended or supplemented from time to time; unless otherwise stated, references to **"Clauses"** and the **"Schedule"** are to clauses of, and the schedule to, this Agreement. Clause headings are inserted for reference only and shall be ignored in construing this Agreement.

## 2. SUBSCRIPTION OF THE BOND

- 2.1 Subject to fulfilment (or waiver as the case may be) of the Conditions Precedent, the Company shall issue the Bonds to the Subscriber or its Nominee and the Subscriber hereby agrees to subscribe for or procure the subscription by a Nominee of the Bonds in the principal amount of HK\$100,000,000 (such principal amount, the **"Bonds Subscription Amount"**).
- 2.2 Subject to fulfilment (or waiver as the case may be) of the Conditions Precedent, on Completion, the Company shall issue the Bonds at its face value to the Subscriber or its Nominee which shall be paid for by the Subscriber to the Company or such other party as it may direct in writing at Completion by delivery of a banker's draft or by telegraphic transfer to a bank account designated by the Company of the relevant amount in accordance with Clause 4.2.

### 3. CONDITIONS PRECEDENT

3.1 The obligation of the parties hereto to effect Completion shall be conditional upon:-

- (a) the execution and delivery of the Transaction Documents;
- (b) the Warranties made by the Company in this Agreement and specified in Clause 5.1 being true, complete and accurate and not misleading when made and shall be true, complete and accurate, and not misleading as at Completion as if made at Completion;
- (c) all necessary consents and approvals to be obtained on the part of each of the Subscriber and the Company in respect of this Agreement and the transactions contemplated thereunder having been obtained;
- (d) the Company is not in breach of any terms of this Agreement or the Bonds;
- (e) the current listing of the Shares on the Stock Exchange shall not have been cancelled or withdrawn and neither the Stock Exchange nor the SFC have indicated that it will or may qualify, object to, suspend, cancel or withdraw such listing and/or dealings in the Shares; and
- (f) the Stock Exchange have granted the listing of, and the permission to deal in, the Conversion Shares with respect to the Bonds, and all requirements, if any, imposed by the Stock Exchange and SFC, in connection with the contemplated transactions under this Transaction Documents, shall have been obtained and/or complied with in full.

3.2 The Company shall use reasonable endeavours to procure the fulfilment of all the Conditions Precedent. If any of the Conditions Precedent have not been fulfilled or waived by the Subscriber (save for the Condition Precedent specified in Clause 3.1(f) which cannot be waived by any parties) on or before the day which falls on the expiry of 60 calendar days immediately following the date of this Agreement (or such later date as may be agreed by the parties hereto in writing then this Agreement (save and except Clauses 7 to 11) shall lapse immediately thereafter and be of no further effect and neither party to this Agreement shall have any claim against or liability or obligation to other party under this Agreement save for any antecedent breach of the terms thereof.

### 4. COMPLETION

4.1 Subject to the Conditions Precedent being fulfilled or waived, completion shall take place at Jun He Law Offices at Suite 3701-10, Jardine House, 1 Connaught Place, Central, Hong Kong (or such other place as the Company and the Subscriber shall agree in writing) at 5:00 p.m. Hong Kong time within one (1) Business Day from the date on which the Conditions Precedent being fulfilled or waived (or such other date as the parties may agree in writing) (such date being the "**Completion Date**").

4.2 At Completion all (but not some only) of the following business shall be transacted:-

- (a) the Company shall deliver and procure Mr. Sit Yau Chiu to deliver to the Subscriber:-
  - (i) a copy of the board resolution of the Company certified by a director or a company secretary of the Company approving and authorising the execution and completion of this Agreement and the issue to the Subscriber (or such Subsidiary as it may direct) of the Bonds by the Company;

- (ii) a certificate of directors from the Company showing that the Conditions Precedent (to the extent not waived) have been fulfilled;
  - (iii) the Bonds duly issued in favour of the Subscriber (or such Nominee as the Subscriber may direct);
  - (iv) the Company's register of Bondholders certified by a director or company secretary of the Company reflecting the entry of the Subscriber as the holder of the Bonds in the Bonds Subscription Amount;
  - (v) counterparts of each of the Transaction Documents duly executed by Mr. Sit Yau Chiu or the Company (as the case may be);
  - (vi) the Warning Notice signed by Mr. Sit Yau Chiu in relation to the Personal Guarantee
  - (vii) copy of the notification from the Stock Exchange to the effect that the listing of, and permission to deal in, the Conversion Shares with respect to the Bonds has been granted; and
  - (viii) such other documents as may be reasonably required by the Subscriber for the purpose of effecting the transactions contemplated thereunder.
- (b) against receipt from the Company each item set in 4.2(a), the Subscriber shall:
- (i) pay the Bonds Subscription Amount into the following bank account by wire transfer in HK\$ funds without any deduction:
- Company name: Ernest Borel Holdings Limited  
Account Number: 024-239-442221-001  
Bank: Hang Seng Bank Limited  
Swift Code: HASEHKHH
- (ii) deliver or cause to be delivered executed counterparts of each Transaction Document to which the Subscriber is a party; and
  - (iii) board resolution of the Subscriber approving and authorising the execution and completion of this Agreement.

## **5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

- 5.1 The Company hereby represents, warrants and undertakes to the Subscriber that, save as disclosed in the unaudited and interim accounts of the Company for the financial year ended 30 June 2016 and in announcements and circulars issued by the Company and available for viewing on the website of the Stock Exchange (at [www.hkex.com.hk](http://www.hkex.com.hk)) as at the date hereof, as at the date of this Agreement and as at Completion that each of the matters set out below will be true, complete and accurate, and not misleading:
- (a) the Company is duly incorporated and validly existing under the laws of the Cayman Islands and the information contained in Recital (A) is true and accurate. The entire existing issued share capital of the Company is listed on the Main Board of the Stock Exchange;
  - (b) subject to the fulfilment of the Conditions Precedent, the Company has the authority to enter into and perform this Agreement and that in entering into this Agreement, the Company does not do so in breach of any applicable legislation and this Agreement constitutes and the Bonds, when issued, shall constitute valid, binding and enforceable obligations of the Company;
  - (c) subject to the fulfilment of the Conditions Precedent, the Company has full power and authority to issue the Bonds and perform its obligations thereunder;

- (d) each of the Company and any members of the Group is not in any breach of any laws, rules, regulations or requirements under all laws applicable to any member of the Group, save for any breach which would have a Material Adverse Effect and, subject to the fulfilment of the Conditions Precedent, all necessary consents, authorisations and approvals of any governmental agency or body required in Hong Kong or the Cayman Islands for or in connection with this Agreement and the Bonds and the performance of the terms hereof and thereof have been obtained or made or shall have been obtained or made by Completion;
- (e) subject to the fulfilment of the Conditions Precedent, the execution of this Agreement and the issue of the Bonds shall not infringe and shall not be contrary to any laws of Hong Kong or the Cayman Islands and shall not result in any breach of the terms of the Memorandum and Articles of Association;
- (f) all statements of fact contained in the Announcement will, when it is issued, save and except the information provided by the Subscriber in respect of the information of the Subscriber, be true and accurate in all respects and not misleading in any respect and all statements of opinion, intention or expectation of the directors of the Company in relation to the Company or any of its Subsidiaries contained therein be truly and honestly held as at the date of the Announcement and will have been made after due and careful consideration and there is no other fact or matter omitted therefrom the omission of which would make any statement therein misleading in any respect;
- (g) each member of the Group is duly incorporated or established and validly existing under the laws of the place of its incorporation or establishment with power to own its assets and has all material authorisations and licenses to conduct its business in the manner presently conducted nor is there any reason why any such authorisation or license should be withdrawn or cancelled and there has been no petition filed, order made or effective resolution passed for the liquidation or winding up of any member of the Group which is material to the operations and results of the Group taken as a whole;
- (h) the audited consolidated accounts of the Group for the financial year ended on the Audited Accounts Date (i) have been prepared in accordance with generally accepted accounting principles and the accounting standards issued by the Hong Kong Institute of Certified Public Accountants that were applicable for such financial year and (save and except those accounting principles, standards and practice which only came into effect or cease to be effective in the relevant financial year) on a consistent basis; (ii) show a true and fair view of the state of affairs and financial position of the Group as at the Audited Accounts Date and of its results for the financial year ended on such date; and (iii) there has been no change in the Group's business or financial condition since the Audited Accounts Date that has a Material Adverse Effect;
- (i) there is no order, decree or judgment of any court or governmental agency or regulatory body outstanding against any member of the Group nor, is there any investigation or enquiry by any governmental agency or regulatory body outstanding or anticipated against any member of the Group, in each case which can reasonably be expected to have or has had a Material Adverse Effect;
- (j) the execution and delivery of, and the performance by the Company of its obligations under this Agreement do not and will not, and this Agreement does not and will not:
  - (i) result in a breach in any respect of, or constitute a default under, any instrument to which any member of the Group is a party or by which any member of the Group or any of their respective properties/assets is bound; or
  - (ii) result in a breach in any respect of any laws to which any member of the Group are subject or by which any member of the Group or any of their

respective properties/assets are bound; or

- (iii) infringe, breach or violate the terms of any mortgage, deed of trust, indenture, loan agreement, contract or other undertaking or instrument to which any member of the Group is a party or which is binding upon it or its assets, and does not and will not result in the creation of imposition of any encumbrance on any of its assets pursuant to the provisions of any such mortgage, contract or other undertaking or instrument, in either case, which could reasonably be expected to have a material adverse effect on the operation or the financial position of the Company;
  - (k) there is no claim, litigation, arbitration, prosecution or other legal proceedings or investigation or enquiry in progress or pending or threatened against any member of the Group which would have a Material Adverse Effect nor is the Company aware of any claim or any facts or circumstances which could give rise to a claim against any member of the Group and which can reasonably be expected to have or has had a Material Adverse Effect;
  - (l) without the prior written consent of the Subscriber (which consent shall not be unreasonably withheld or delayed), from the date hereof until the issue of the Bonds, no act will be done and no circumstance will arise which will, had the Bonds been issued as at the date hereof, give rise to an adjustment of the Conversion Price under Condition 8 of the Bonds;
  - (m) all publicly available information and records of the Company (including information contained in announcements, annual reports, statutory filings and registrations) are and were, when supplied or published, true and accurate in all respects and not misleading in any respect;
  - (n) save for options issued under any share option schemes adopted by the Company as at the date of this Agreement, no unissued share capital of the Company is under option or agreed conditionally or unconditionally to be put under option and no person has an outstanding warrant, pre-emptive right or any other right of any description to require Shares to be allotted or issued by the Company;
  - (o) Conversion Shares, when issued and delivered in the manner contemplated by the Conditions will (i) be duly and validly issued, fully-paid and non-assessable; (ii) rank pari passu with, and carry the same rights in all aspects as, the other Shares then issued and outstanding; (iii) not have been issued in violation of or subject to any pre-emptive rights or other contractual rights to subscribe for or purchase securities issued by the Company; and (iv) subject to the provisions hereof and those in the Bond, its memorandum of association and articles of association and the Listing Rules, be freely transferable, free and clear of all liens, encumbrances or claims of third parties and will not be subject to calls for further payment.
  - (p) The Company has, or will have, from time to time, sufficient authorised share capital to satisfy the issue of such number of Conversion Shares as would be required to be issued on conversion of the Bonds (including such number of additional Conversion Shares as may be required to be issued pursuant to subdivision and other events as more particularly described in the Conditions as at the time such events occur).
- 5.2 The Company hereby agrees and acknowledges that the Subscriber is entering into this Agreement in reliance on the Warranties and is entitled to treat the Warranties as conditions of the Agreement.
- 5.3 Prior to the Completion Date, the Company undertakes to notify the Subscriber in writing if it is aware of any breach of the Warranties made by the Company under this Agreement and specified in Clause 5.1 (or of any matter or event coming to its attention which shows any such Warranties to be or to have been untrue, inaccurate or misleading) and to provide details of such breaches (or matters or events) in such notice.



- 5.4 The Company undertakes to indemnify the Subscriber in full from and against all direct losses, liabilities, costs and claims which the Subscriber may suffer or incur or arising out of, or in connection with, a breach of any of the Warranties made by the Company and which are specified in Clause 5.1.
- 5.5 The Subscriber hereby represents, warrants and undertakes to the Company that as at the date hereof and as at Completion:
- (a) the Subscriber is duly incorporated and validly existing in good standing under the laws of its incorporation;
  - (b) subject to the fulfilment of the Condition Precedent in Clause 3.1, the Subscriber has the authority to enter into and perform this Agreement and that in entering into this Agreement, the Subscriber does not do so in breach of any applicable legislation and this Agreement constitutes valid, binding and enforceable obligations of the Subscriber; and
  - (c) the execution and delivery of, and the performance by the Bondholder of its obligations under this Agreement do not and will not, and this Agreement does not and will not, breach any provisions of its memorandum or articles of association or other similar constitution documents.
- 5.6 The Company shall use the proceeds of the issue of the Bonds for general working capital purposes and expansion of the sales network of the Group.

## **6. TERMINATION BY THE SUBSCRIBER**

- 6.1 Notwithstanding anything contained in this Agreement, the Subscriber may by prior notice to the Company terminate this Agreement at any time prior to the Completion Date if:
- 6.1.1 there develops, occurs or comes into effect:
- (a) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof), including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, whether or not sui generis with any of the foregoing;
  - (b) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;
  - (c) any material and adverse change in conditions of local, national or international securities markets;
  - (d) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group which shall have a Material Adverse Effect;
  - (e) any suspension of dealings in the Shares for a period exceeding ten (10) Business Days other than due to the clearance of any announcement required to be issued by the Company under the Listing Rules;
  - (f) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere which would have a Material Adverse Effect; or
  - (g) the instigation of any litigation or claim of material importance by any third party against any member of the Group which may have a Material Adverse Effect,

and which can reasonably be expected, in the opinion of the Subscriber acting reasonably, to have or has had a Material Adverse Effect;

6.1.2 there is any material breach of any of the Warranties made by the Company as set out in this Agreement and specified in Clause 5.1 which has come to the knowledge of the Subscriber or any event which has occurred or any matter which has arisen on or after the date of this Agreement and prior to the Completion which if it had occurred or arisen before the date hereof would have rendered any of such Warranties untrue, inaccurate or misleading;

6.1.3 there has been a breach of or failure to perform any of the Company's obligations in any material respect under this Agreement.

6.2 In the event that the Subscriber terminates this Agreement pursuant to Clause 6.1, all obligations of each of the parties under this Agreement, save for Clauses 5.4, 7, 8, 9, 10 and 11, shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with this Agreement except for any antecedent breach.

## **7. NOTICES**

7.1 Any notice required or permitted to be given by or under this Agreement shall be in writing and if to the Company or the Subscriber shall be given by delivering it to its address, facsimile number or email address shown below:

the Subscriber:-

Address: 41/F, Tower 1, Lippo Centre, No 89 Queensway, Admiralty, Hong Kong  
Fax: +852 2877 5119  
Email address: [wangxiaohan@chamc.com.cn](mailto:wangxiaohan@chamc.com.cn)

The Company:-

Address: Unit 1612-18, Level 16, Tower 1, Grand Century Place, 193 Prince Edward Road West Mongkok, Kowloon Hong Kong  
Fax: +852 3582 4933  
Email address: [anthelam@ernestborel.ch](mailto:anthelam@ernestborel.ch) and [thomson@ernestborel.ch](mailto:thomson@ernestborel.ch)  
Attention: The Board of Directors

or to such other address or facsimile number in Hong Kong or email address as the party concerned may have been notified to the other parties pursuant to this Clause and may be given by sending it by hand to such address, by facsimile transmission to such facsimile number or by email transmission to such email address, or to such other address, facsimile number or email address as the party concerned may have notified to the other parties in accordance with this Clause. In respect of notice served on the Company, such notice shall be deemed to be served on the day of delivery or facsimile/email transmission (or, if the day of delivery or transmission is not a Business Day or if the delivery or transmission is made after 5:00 pm Hong Kong time, deemed to be served on the immediately following Business Day), or if sooner upon acknowledgement of receipt by or on behalf of the parties to which it is addressed. In respect of notice served on the Subscriber, such notice shall be deemed to be served on the Business Day after the date of delivery or facsimile/email transmission (or, if the date of delivery or transmission is not a Business Day or if the delivery or transmission is made after 5:00 pm Hong Kong time, the next following Business Day).

## **8. COSTS AND EXPENSES**

8.1 The Company shall bear the actual incurred costs (including legal costs) and expenses in connection with the preparation, negotiation and settlement of this Agreement including the amount of no more than US\$45,000 to be incurred by the Subscriber. Capital fees or

stamp duty (if any) relating to the issue and delivery of the Bonds shall be borne by the Company. The Company shall be responsible for the arrangement fee in the amount of HK\$1,500,000 which is calculated on the basis of 1.5% of the Bond Subscription Amount, payable to the Subscriber on the Completion Date after the Completion has occurred.

- 8.2 All payments by the Company under this Agreement shall be made free and clear of any withholding or deduction for any present or future taxes, imposts, levies, duties or other charge payable by the Company. If the Company is required by law to make any such deduction or withholding from any amount paid, the Company shall pay to the Subscriber such additional amount as shall be necessary so that the Bondholder receives an amount equal to the amount which it would have received if such withholding or deduction had not been made.

## **9. GENERAL PROVISIONS RELATING TO AGREEMENT**

- 9.1 Time shall be of the essence of this Agreement.
- 9.2 This Agreement shall be binding on and enure for the benefit of the successors of each of the parties and shall not be assignable, save that the Subscriber may transfer any of its rights under Clause 5 of this Agreement to a Nominee to which it has transferred any of the Bonds.
- 9.3 The exercise of or failure to exercise any right or remedy in respect of any breach of this Agreement shall not, save as provided herein, constitute a waiver by such party of any other right or remedy it may have in respect of that breach.
- 9.4 Any right or remedy conferred by this Agreement on any of the parties for breach of this Agreement (including without limitation the breach of any representations and warranties) shall be in addition and without prejudice to all other rights and remedies available to it in respect of that breach.
- 9.5 This Agreement (together with the other documents referred to herein including, without limitation, the Transaction Documents) constitutes the entire agreement between the parties with respect to its subject matter. Each party acknowledges that it has not been induced to enter into this Agreement by any representation or warranty made by the other parties which is not contained in this Agreement) and, having negotiated and freely entered into this Agreement, agrees that it shall have no remedy in respect of representation or warranty not contained in this Agreement except in the case of fraud. Each party acknowledges that its legal advisers have explained to it the effect of this Clause 9.5. No variation of this Agreement shall be effective unless made in writing and signed by the parties.
- 9.6 This Agreement supersedes all and any previous agreements, arrangements or understanding between the parties relating to the matters referred to in this Agreement and all such previous agreements, understanding or arrangements (if any) shall cease and determine with effect from the date hereof.
- 9.7 If at any time any provision of this Agreement is or becomes illegal, void or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.
- 9.8 Subject to the requirements of the Stock Exchange or any other law and regulation, none of the parties hereto may make any press or other announcements relating to this Agreement and the Bonds without prior consultation with the other parties hereto.
- 9.9 The terms of this Agreement and the Bonds shall remain valid and enforceable notwithstanding the issue and redemption, conversion or exchange of the Bonds to the

extent that any of the terms in this Agreement or the Bonds have not been fully and properly performed or satisfied.

- 9.10 Notwithstanding if any provision of this Agreement purports to confer a benefit on any person who is not a party to this Agreement, a person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of The Laws of Hong Kong) to enforce or enjoy the benefit of any provisions of this Agreement.

**10. 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.

**11. RESOLUTION OF DISPUTES AND GOVERNING LAW**

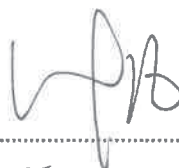
- 11.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and each party hereby submits to the non-exclusive jurisdiction of the courts of Hong Kong as regards any claim or matter arising under this Agreement.

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

Signed by Zhang Fan  
for and on behalf of **Phoenix**  
**Green Limited**

)  
)  
)  
)

Signature



Signature of witness



Name of witness

WANG XIAOHU

Address of witness

4/F, Lippo Centre, No. 89

Queensway, Admiralty

Occupation of witness

Assistant

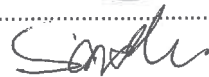
AS WITNESS whereof this Agreement has been duly executed on the date first above written.

Signed by. Sit Yau Chin )  
 )  
for and on behalf of Ernest Borel )  
Holdings Limited )

Signature



Signature of witness



Name of witness

Li Tsam Hong

Address of witness

33/F Sunshine plaza 353  
Lockhart Road, Wan Chai,  
Hong Kong

Occupation of witness

Assistant to President

**SCHEDULE I**

**FORM OF THE BOND**

**ERNEST BOREL HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

**HK\$100,000,000 10% COUPON CONVERTIBLE BONDS**

Bond No.:

Amount : HK\$[\*]

(issued pursuant to the memorandum and articles of association of **ERNEST BOREL HOLDINGS LIMITED** (the "**Issuer**"), and a resolution of the board of directors of the Issuer passed on 16 November 2016.)

This Bond is in registered form and forms part of an issue designated as specified above. This Bond is subject to, and has the benefit of, the Conditions (defined below).

**THIS IS TO CERTIFY** that the Issuer will pay Phoenix Green Limited of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands, being the registered holder (the "**Bondholder**") of this Bond on the Maturity Date (as defined in the Conditions) or on such earlier date as such sum may become payable in accordance with the terms and conditions attached hereto which form an integral part of this Bond (the "**Conditions**") the principal sum of HK\$[\*] together with such amount or amounts as may become due and payable in accordance with the Conditions. The Issuer shall not pay interest on the principal amount of this Bond in accordance with the Conditions.

The Bondholder is entitled to require the Issuer to convert the whole or any part(s) of the principal amount of this Bond into ordinary shares in the capital of the Issuer, subject to and in accordance with the Conditions.

Title to this Bond passes only on due registration on the register of Bondholder and only the duly registered holder is entitled to payments on this Bond of which he is the duly registered holder.

GIVEN under the common seal of the Issuer on the                      day of                      2017.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Secretary/Director

**Notes:**

This Bond cannot be transferred to bearer on delivery and is only transferable to the extent permitted by Condition 3 of the terms and conditions thereof. This Bond must be delivered to the company secretary of the Issuer for cancellation and reissue of an appropriate certificate in the event of any such transfer.



(For endorsement in the event of partial conversion)

Date

Amount Converted

Amount Outstanding

## TERMS AND CONDITIONS OF THE BOND

This Bond shall be held subject to and with the benefit of the terms and conditions set out below and such terms and conditions shall be binding on the Bondholder.

### 1 DEFINITIONS

1.1 In this Bond, unless context otherwise requires terms defined above are used with these defined meanings, and:-

**"authorised denominations"** means HK\$10,000,000 or integral multiples thereof;

**"Bonds"** means the fixed interest convertible bonds in the principal amount of HK\$[100,000,000] issued or to be issued by the Issuer with the benefit of and subject to the provisions of the Conditions and **"Bond"** shall be construed accordingly;

**"Bondholder"** means the person who is for the time being the holder of the Bond;

**"Business Day"** means a day on which banks in Hong Kong are open for business, excluding a Saturday;

**"Change of Control"** occurs when:

- (i) any person or persons acting together acquire control of the Issuer; or
- (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to another person or persons acquiring control over the Issuer or the successor entity,

and **"control"** of a company means a holding or aggregate holdings or more than 50% of the voting rights of such company;

**"Conditions"** means the terms and conditions attached to this Bond (as amended from time to time as set out herein), and **"Condition"** refers to the relative numbered paragraph of the Conditions;

**"connected person"** has the meaning ascribed to it in the Listing Rules;

**"Conversion Date"** means any date on which the Conversion Rights (or any of them) are exercised in accordance with Condition 9.1;

**"Conversion Notice"** has the meaning ascribed thereto in Condition 9.1;

**"Conversion Period"** means the period from the Issue Date up to the date which is 15 Business Days before the Maturity Date (both days inclusive);

**"Conversion Price"** means HK\$2.00 per Share (subject to adjustments pursuant to the Conditions);

**"Conversion Rights"** means the rights to convert the principal amount (or any part thereof in authorised denominations) of the Bond into Shares;

**"Conversion Shares"** means the Shares to be issued by the Issuer upon exercise by the Bondholder of the Conversion Rights, and **"Conversion Share"** shall be construed accordingly;

**"dealing day"** means a day on which Shares can be traded on the Stock Exchange (regardless of whether any trades actually occur);

**"Financial Indebtedness"** means any indebtedness incurred within or outside Hong Kong for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above;

**"Group Member"** means the Issuer and each of its subsidiaries from time to time and **"Group Member"** means any of those persons;

**"HK\$" or "Hong Kong dollars"** and **"cents"** mean Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong;

**"Hong Kong"** means the Hong Kong Special Administrative Region of the People's Republic of China;

**"Investment Securities"** has the meaning ascribed thereto in Condition 17;

**"Issue Date"** means the date of issue of the Bonds comprised in this Bond;

**"Issuer"** means Ernest Borel Holdings Limited;

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

**"Maturity Date"** means the date falling 24 months from the Issue Date;

**"Maximum Number"** has the meaning ascribed thereto in Condition 7.5;

**"Personal Guarantee"** means the personal guarantee dated \_\_\_\_2017 granted by Mr. Sit Yau Chiu in relation to the obligations of the Issuer under the Bonds;

**"Register"** the register of holder of Bonds to be maintained by the Issuer pursuant to Condition 2.2;

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

**"Security Interest"** means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect;

**"Share(s)"** means the ordinary share(s) of HK\$0.01 each in the share capital of the Issuer existing on the date of the Bond and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) shares or stock resulting from any sub-division, consolidation or re-classification thereof;

**"Share Option Scheme"** means any scheme for the issue or grant to the Directors or employees of the Issuer and/or any subsidiary of Shares or options to subscribe for Shares adopted as at the date of the Subscription Agreement;

**"Specified Office"** means the principal office of the Issuer for the time being in Hong Kong or any other office as may be notified by the Issuer to the Bondholder in accordance with Condition 16;

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

**"subsidiary"** has the meaning ascribed to it in the Listing Rules;

**"Subscription Agreement"** means the bond subscription agreement dated \_\_\_\_2017 in relation to the subscription of the Bonds;

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

**"Transaction Document"** means (i) this Bond; (ii) the Subscription Agreement; (iii) the Personal Guarantee; and (iv) any certificate of the Bonds; and

**"Transfer Form"** has the meaning ascribed thereto in Condition 3.4(a).

- 1.2 The expressions **"Issuer"** and **"Bondholder"** in this Bond shall where the context permits include their respective successors and permitted assigns and any persons deriving title under them.
- 1.3 Condition headings are inserted in this Bond for reference only and shall be ignored in construing this Bond and the Conditions.
- 1.4 Unless the context otherwise requires in this Bond, words in the singular include the plural, and vice versa; words importing one gender include the other gender and the neuter and vice versa; and a reference to a person includes a reference to a body corporate and to any unincorporated body of persons.

## **2 STATUS**

- 2.1 The Bonds are in registered form. Each Bond shall have an identifying number which shall be recorded on the relevant Bond and in the Register. The Bonds are not issuable in bearer form.
- 2.2 The Issuer shall cause to be kept the Register on which shall be kept the names, addresses (including its registered address and (if different) its correspondence address), facsimile

numbers of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers and conversions of Bonds.

- 2.3 The obligations of the Issuer arising under the Bonds constitute general, unsubordinated, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank equally among themselves and pari passu with all present and future unsecured and unsubordinated obligations of the Issuer except for obligations accorded preference by mandatory provisions of applicable law.
- 2.4 No application will be made for a listing of the Bonds on any stock exchange.
- 2.5 Each Bondholder shall (except as otherwise required by law) be treated as the absolute owner of the Bonds registered in its name 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 Bond issued in respect of it) and the Issuer shall not be obliged to recognise any interest in any Bond other than the absolute and exclusive interest of the relevant Bondholder.

### **3 TRANSFER**

- 3.1 The Bonds may (subject to the provisions of this Condition 3) not be transferred to any person which is not a subsidiary or holding company of the Bondholder without the prior written consent of the Issuer.
- 3.2 Except as provided in these Conditions, the Bond may be transferred in whole or in part in multiples of HK\$10,000,000 unless the amount of the outstanding Bond is less than HK\$10,000,000 in which case the whole (but not part only) of that amount may be transferred.
- 3.3 The Bonds (or any part thereof) may not be assigned or transferred to a connected person of the Issuer without the prior written consent of the Issuer. Without prejudice to the aforesaid any assignment and/or transfer of Bonds is subject to (1) the Listing Rules for so long as the Shares are listed on the Stock Exchange (and the rules of any other stock exchange on which the Shares may be listed at the relevant time) and all applicable laws and regulations; (2) the approval of the shareholders of the Issuer in a general meeting if so required and in compliance with the Listing Rules if such assignment and/or transfer is proposed to be made to a connected person of the Issuer. A Bondholder shall not be in breach of this Condition 3.2 if it does not know, nor does it have reasonable cause to believe after having made due enquiries, that the transferee is a connected person of the Issuer.
- 3.4 Any assignment or transfer of a Bond shall be of the whole or any part (being an authorised denominations) of the outstanding principal amount of the Bond. Title to the Bonds passes only upon the entry on the Register of the relevant transfer. The Issuer shall use all reasonable endeavours to facilitate any such assignment or transfer of the Bonds, including but not limited to making any necessary applications to the Stock Exchange for approval, if required under the Listing Rules.
- 3.5 In relation to any assignment and/or transfer of a Bond permitted under or otherwise pursuant to this Condition 3:
  - (a) a Bond (or any part thereof) may only be transferred by execution of a form of transfer ("**Transfer Form**") in or substantially in the form annexed hereto as Annexure I (or in such other form as may be approved by the Issuer (such approval not to be unreasonably withheld or delayed) either generally or on a case-by-case basis) by the transferor and the transferee (or their duly authorised representatives).
  - (b) the relevant Bond must be delivered to the Issuer for cancellation accompanied by:
    - (i) a duly completed and executed (and if required, duly stamped) Transfer Form (ii) proof satisfactory to the Issuer, of the authority of the person or persons to execute and deliver the Bond and the related forms of transfer and (if relevant) contract note and a copy of the constitutional document of such corporation; and (iii) a written confirmation from the proposed transferee (or its duly authorised representative) that the proposed transferee is not a connected person of the Issuer (provided that this confirmation may be waived in writing by the Issuer if the Bondholder is itself a connected person of the Issuer and the transferee is an

associate as defined under the Listing Rules of that Bondholder). The Issuer shall, within three (3) Business Days of receipt of such documents from the Bondholder, enter the transfer on the Register, cancel this Bond and issue a new Bond under the seal of the Issuer, in favour of the transferee or assignee in respect of the outstanding principal of this Bond so transferred and, if this Bond is assigned or transferred in part only, issue a new Bond under the seal of the Issuer, in favour of the transferor in respect of any balance thereof retained by the transferor Bondholder; and

- (c) any new Bond issued pursuant to Condition 3.4(b) shall be delivered by registered mail or delivered by hand, in each case at the risk of the holder entitled thereto, to the address specified (in the case of transferee) in the Form of Transfer or (in the case of the transferor) in the Register as its correspondence address or (in the absence of which) its registered address, or (at the election of the Issuer) be made available for collection by the holder entitled thereto at the Specified Office.

- 3.6 Registration of transfers of Bonds in accordance with this Condition shall be effected without charge by or on behalf of the Issuer, but upon payment (or the giving of such indemnity as the Issuer may reasonably require) in respect of any taxes, duties or other government charges which may be imposed in relation to such transfer.
- 3.7 The Issuer shall not be required to register the transfer of a Bond (or any part thereof) (i) during the period of 15 Business Days up to and including the Maturity Date; or (ii) in respect of which a Conversion Notice has been given in accordance with Condition 7.
- 3.8 Any reasonable legal and other costs and expenses (other than the registration costs arising from the transfer of the Bonds) which may be properly incurred by the Issuer in connection with any transfer or assignment of any of the Bonds (or any part thereof) or any request therefor shall be borne by the relevant Bondholder.

#### **4 INTEREST**

- 4.1 The Bonds shall bear interest from the Issue Date and the length of each interest period in relation to the Bonds shall be 3 months payable in arrear or the date on which all of the outstanding principal amount of the Bond are being converted or redeemed, whichever is earlier ("**Interest Period**").
- 4.2 Interest on the Bonds shall be calculated at the rate of 10.0 per cent per annum on the principal amount of the Bonds from time to time outstanding.
- 4.3 In respect of each Interest Period, interest shall accrue from day to day, shall be calculated on the basis of the actual number of days elapsed in a year of 365 days and shall be due and payable by the Issuer on the last day of such Interest.
- 4.4 In the event that any Interest Period would end on a day not being a Business Day, it shall instead end on the next succeeding Business Day.

#### **5 PAYMENTS**

- 5.1 All payments by the Issuer in respect of the Bonds shall be made for value on the due date to such bank account in Hong Kong as the Bondholder may notify the Issuer in writing from time to time (provided that any such notice shall be given no less than 3 Business Days prior to the date on which any payment is due to be made by the Issuer) or, in the absence of any such notice, by banker's draft to the relevant Bondholder be delivered by registered post or by hand on the due date by the Issuer to the correspondence address or (in the absence of which) its registered address of that Bondholder in the Register at the risk of the Bondholder, provided in either case that the relevant Bondholder shall be responsible for any loss of interest payable in respect of the Bond due to it giving inaccurate or late remittance instructions.
- 5.2 All payments by the Issuer in respect of this Bond shall be made in Hong Kong dollars in immediately available funds free and clear of any withholding or deduction for any present or future taxes, imposts, levies, duties or other charge payable by the Issuer. If the Issuer is required by law to make any such deduction or withholding from any amount paid

(except where such deduction or withholding represents tax on the overall income of the relevant Bondholder), the Issuer shall pay to the Bondholder such additional amount as shall be necessary so that the Bondholder receives an amount equal to the amount which it would have received if such withholding or deduction had not been made.

## **6 MATURITY/REDEMPTION**

- 6.1 The Issuer shall redeem this Bond or the then outstanding principal amount of the Bonds plus any accrued and outstanding interest up to the Maturity Date on the Maturity Date.
- 6.2 The Issuer or any of its subsidiaries may, at any time after the first (1<sup>st</sup>) anniversary of the Issue Date, upon the Issuer giving thirty (30) days prior written notice (the "**Issuer Redemption Notice**") to the Bondholder, redeem all or any such Bonds at the outstanding principal amount plus accrued and unpaid interests on such date as specified in the Issuer Redemption Notice.
- 6.3 Upon the occurrence of the Event of Default, the Issuer shall remedy such Event of Default to the satisfaction of the Bondholder within 5 Business Days upon the occurrence of the Event of Default (the "**Remedy Period**"). If (i) the Event of Default is incapable of remedy; or (ii) the Company is unable to remedy the relevant Event of Default to the satisfaction of the Bondholder within the Remedy Period, the Bondholder shall be entitled to require the Bonds to be redeemed by the Issuer, by lodging a notice of repayment in the form prescribed in Annexure II hereof (the "**EOD Notice of Repayment**") at an amount equivalent to the aggregate of (i) the outstanding principal amount of the Bonds; (ii) accrued but unpaid interests up to the date of redemption and (iii) an amount that would yield an internal rate of return of 25% on the aggregate principal amount of such Bond calculated from date of the issuance of the Bond until the date of redemption.
- 6.4 Any Bond so purchased shall forthwith be cancelled by the Issuer.

## **7 CONVERSION**

- 7.1 The Bondholder shall have the right during the Conversion Period, in compliance with the provisions of Condition 9, to convert the whole or any part (in authorised denominations) of the principal amount outstanding under the Bond into Shares at the Conversion Price subject to adjustments as hereinafter described.
- 7.2 The conversion shall be in whole or in any integral multiple of HK\$10,000,000.00 thereof, save that if at any time the outstanding principal amount of the Bond held by a Bondholder is less than HK\$10,000,000.00, the Bondholder may convert the whole (but not part) of such outstanding principal amount of the Bonds.
- 7.3 No fraction of a Share will be issued on conversion and no amount in lieu thereof shall be refunded to the relevant Bondholder. Shares issued upon conversion shall be fully paid, free from any liens, charges, encumbrances, pre-emptive rights or other third party rights and rank pari passu in all respects with all other Shares in issue on the Conversion Date and the Bondholder shall be entitled in respect of its Conversion Shares to all dividends, and other distributions the record date for which falls on a date on or after the Conversion Notice.
- 7.4 The right of the Bondholder to repayment of the principal amount of the Bond, and premium (if any), being converted shall be extinguished and released upon exercise of the Conversion Rights in respect thereof.

## **8 ADJUSTMENTS**

- 8.1 Subject as hereinafter provided, the Conversion Price shall from time to time be adjusted for the purpose of protecting the Subscriber against dilution of its rights, interests and benefits hereunder where there are any changes to the share capital structure of the Issuer. The Issuer shall effect the adjustment, which shall be made in accordance with the following relevant provisions and so that if the event giving rise to any such adjustment shall be such as would be capable of falling within more than one of sub-paragraphs (a) to (g) inclusive of this Condition 8.1, it shall fall within the first of the applicable paragraphs to the exclusion of the remaining paragraphs provided that if such event would be capable of falling within sub-paragraph (h) as well, sub-paragraph (h) shall apply:



- (a) 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 following fraction:

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

where:

A = the nominal amount immediately after such alteration; and

B = the nominal amount immediately before such alteration.

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.

- (b) If and whenever the Issuer 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 fund) and which would not have constituted a Capital Distribution (as defined in Condition 8.2), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

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

in each case, where:

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

D = the aggregate nominal amount of the issued Shares immediately after such issue.

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

- (c) If and whenever the Issuer shall make any Capital Distribution (as defined in Condition 8.2) (except where, and to the extent that the Conversion Price falls to be adjusted under paragraph (b) above) to holders (in their capacity as such) of Shares (whether on a reduction of capital or otherwise), the Conversion Price in force immediately prior to such distribution or grant shall be adjusted by multiplying it by the following fraction:

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

where:

E = the market price (as defined in Condition 8.2) on the date on which the Capital Distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) the date immediately preceding the date of the Capital Distribution or, as the case may be, of the grant; and

F = the fair market value on the day of such announcement or (as the case may require) the immediately preceding day, as determined in good faith by an approved merchant bank (as defined in Condition 8.2) of the portion of the Capital Distribution or of such rights which is attributable to one Share,

Provided that:

- (i) if in the opinion of the relevant approved merchant bank, 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 formula shall be construed as if F meant the amount of the said market price which should properly be attributed to the value of the Capital Distribution or rights); and



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

Each such adjustment shall be effective (if appropriate, retroactively) from the commencement of the Business Day next following the record date for the Capital Distribution or grant.

- (d) If and whenever the Issuer 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 which is less than 90% of the market price (as defined in Condition 8.2) 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:

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

where:

- P = the number of Shares in issue immediately before the date of such announcement;
- Q = the aggregate number of Shares so offered for subscription;
- R = the amount (if any) payable for the right, option or warrant to subscribe for each new Share, plus the subscription price payable for each new Share;
- S = the market price (as defined in Condition 8.2) of one Share on the trading day immediately prior to such announcement.

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

- (e) (i) If and whenever the Issuer 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 (as defined below) initially receivable for such securities is less than the market price (as defined in Condition 8.2) at the date of the announcement of the terms of the issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by a fraction of which the numerator is the number of Shares in issue immediately before the date of the issue plus the number of Shares which the total Effective Consideration for the securities issued would purchase at such market price and the denominator is the number of Shares in issue immediately before the date of the issue 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 subscription price. Such adjustment shall become effective (if appropriate retrospectively) from the close of business in Hong Kong on the Business Day next preceding whichever is the earlier of the date on which the issue is announced and the date on which the Issuer determines the conversion or exchange rate or subscription price.
- (ii) If and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in section (i) of this sub-paragraph (e) are modified so that the total Effective Consideration per Share (as defined below) initially receivable for such securities shall be less than the market price (as defined in Condition 8.2) 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 such market price and of which the denominator is the number of Shares in issue immediately before such date of 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 rate or subscription price. Such adjustment shall become effective (if appropriate, retrospectively) 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 purpose where it is adjusted to take account of rights or capitalisation issues and other events which have given rise to adjustment of the Conversion Price under this Condition 8, provided such corresponding adjustment has been made to the Conversion Price.

For the purpose of this sub-paragraph (e), the **"total Effective Consideration"** receivable for the securities issued shall be deemed to be the consideration receivable by the Issuer for any such securities plus the additional minimum consideration (if any) to be received by the Issuer upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the **"total 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 at the initial conversion rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

- (f) If and whenever the Issuer shall issue wholly for cash any Shares at a price per Share which is less than the market price (as defined in Condition 8.2) at the date of the announcement of the terms of issue of such securities (save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of paragraph (e) above), 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.
- (g) If and whenever the Issuer shall issue Shares for the acquisition of any asset at a total Effective Consideration per Share (as defined in this sub-paragraph (g) below) which is less than the market price (as defined in Condition 8.2) at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted in such manner as may be determined by an approved merchant bank (as defined in Condition 8.2). Such adjustment shall become effective on the date of issue. For the purpose of this sub-paragraph (g) **"total Effective Consideration"** shall be the aggregate consideration credited as being paid for such Shares by the Issuer on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the **"total Effective Consideration per Share"** shall be the total Effective Consideration divided by the number of Shares issued as aforesaid.
- (h) If the Issuer or the Bondholder determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances (whether or not referred to in sub-paragraphs (a) to (g) above) (even if the relevant event or circumstance is specifically excluded in the Conditions from the operation of sub-paragraphs (a) to (g) above), or that an adjustment should be made in a manner other than in accordance with sub-paragraphs (a) to (g) above, or that an adjustment should not be made (even if the relevant event or circumstance is specifically provided for in sub-paragraphs (a) to (g) above), or that the effective date for the relevant adjustment should be a date other than that mentioned in

sub-paragraphs (a) to (g) above, the Issuer or the Bondholder may, at its own expense, request an approved merchant bank, acting as expert, to determine as soon as practicable (1) what adjustment (if any) to the Conversion Price is fair and reasonable to take into account thereto and is appropriate to give the result which the approved merchant bank considers in good faith to reflect the intentions of the provisions of this Condition 8; and (2) the date on which such adjustment should take effect; and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this sub-paragraph (h) if the approved merchant bank is so requested to make such a determination.

8.2 For the purposes of this Condition 8:

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

**"date of announcement"** shall mean the date on which the announcement is first so released, delivered or transmitted and **"announced"** shall have a corresponding meaning;

**"approved merchant bank"** means a merchant bank of repute in Hong Kong selected by the Issuer and agreed by the Bondholder for the purpose of providing a specific opinion or calculation or determination hereunder or, in the absence of such agreement, such merchant bank as may be appointed by the President for the time being of the Hong Kong Institute of Certified Public Accountants upon the request of either the Issuer or the Bondholder;

**"Capital Distribution"** shall mean any dividend or a distribution (whether in cash or assets) and any dividend or distribution charged or provided for in the accounts for any financial period after 31 December, 2015 shall (whenever paid and however described) be deemed to be a Capital Distribution provided that any such dividend or distribution shall not be so deemed if 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 lesser of (i) the aggregate rate of dividend on such class of capital charged or provided for in the accounts for the last preceding financial period and (ii) an amount (rounded up to the nearest one tenth of a cent):

$$A \times 3\%$$

where:

A = the Conversion Price prevailing on the first day of the financial period in question

In computing such rates, such adjustments may be made as are in the opinion of an approved merchant bank appropriate to the circumstances and shall be made if the lengths of such periods differ materially;

**"issue"** shall include allot;

**"market price"** means the average of the closing prices of a Share on the Stock Exchange for each of the last thirty (30) days on which dealings in the Shares on the Stock Exchange took place ending on the last such dealing day immediately preceding the day on or as of which the market price is to be determined;

**"reserves"** includes unappropriated profits;

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

**"Shares"** includes, for the purpose of Shares comprised in any offer pursuant to paragraphs (c), (d), (e) or (f) of Condition 8.1, any such ordinary shares of the Issuer as, when fully paid, will be Shares.

8.3 (a) The provisions of sub-paragraphs (b), (c), (d), (e) and (f) of Condition 8.1 shall not apply to:

- (i) an issue of Shares or other securities of the Issuer or any subsidiary of the Issuer wholly or partly convertible into, or rights to acquire, Shares

pursuant to any share option scheme adopted by the Issuer as at the date of the Subscription Agreement or any issue of Shares pursuant to any of the Bonds; or

- (ii) 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 105 per cent. of the amount of 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 for such dealing days on which dealings in the Shares took place (being not less than ten (10) such days) as are selected by the directors of the Issuer for the purposes of the relevant scrip dividend and which fall 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;

- 8.4 Any adjustment to the Conversion Price shall be made to the nearest one tenth of a cent so that any amount under HK\$0.005 shall be rounded down and any amount of HK\$0.005 or more shall be rounded up and in no event shall any adjustment (otherwise than upon the consolidation of Shares into Shares of a larger nominal amount) involve an increase in the Conversion Price. In addition to any determination which may be made by the directors of the Issuer, every adjustment to the Conversion Price shall be certified by an approved merchant bank.
- 8.5 Notwithstanding anything contained herein, no adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of this Condition would be less than one-tenth of a cent and any adjustment that would otherwise be required then to be made shall not be carried forward.
- 8.6 If the Issuer or any subsidiary of the Issuer 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 Issuer shall appoint an approved merchant bank to consider whether any adjustment to the Conversion Price is appropriate (and if such approved merchant bank shall certify that any such adjustment is appropriate, the Conversion Price shall be adjusted accordingly and the provisions of Conditions 8.4, 8.5, 8.7 and 8.8 shall apply).
- 8.7 Whenever the Conversion Price is adjusted as herein provided, the Issuer shall as soon as possible but not later than five (5) Business Days after the relevant adjustment has been determined give notice to the Bondholder that the Conversion Price has been adjusted (setting out brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof) and shall at all times thereafter so long as the Bond remains outstanding make available for inspection at its principal place of business in Hong Kong a signed copy of the said certificate of the approved merchant bank setting forth particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to the adjustment, the adjusted Conversion Price and the effective date thereof.
- 8.8 Notwithstanding any other provision of this Condition 8, no adjustment shall be made which would (but for this Condition 8.8) result in the Conversion Price being reduced so that on conversion, Shares shall fall to be issued at a discount to their nominal value, and in such case an adjustment shall be made to the effect that the Conversion Price will be reduced to the nominal value of a Share.

## **9 PROCEDURE FOR CONVERSION**

- 9.1 The Conversion Rights may, subject as provided herein and in Condition 7, be exercised on any Business Day during the Conversion Period by the Bondholder delivering to at its own expense during normal business hours at the specified office of any Agent a notice in the form attached as Annexure III duly completed (a "**Conversion Notice**") stating the intention of the Bondholder to convert and the address in Hong Kong for the delivery of the share certificates of the Conversion Shares pursuant to Condition 9.2 together with the

original of the certificate of the Bond, together with proof satisfactory to the Issuer, the authority of the person or persons to execute and Conversion Notice and a copy of the constitutional document of such corporation. The Issuer shall be responsible for payment of all taxes and stamp, issue and registration fees and duties (if any), and Stock Exchange levies and charges (if any) arising on any such conversion. A Conversion Notice once delivered shall be irrevocable.

- 9.2 The Conversion Shares shall be allotted and issued by the Issuer, credited as fully paid, to the relevant Bondholder or its nominees as it may in writing direct within ten (10) Business Days after, and with effect from, the Conversion Date against delivery of the original Bond (which the Bondholder is obliged to deliver to the Issuer following such conversion), and the Issuer shall issue certificates for the Conversion Shares to which the Bondholder or such subsidiary as it may direct shall become entitled in consequence of exercising its Conversion Rights in board lots with one certificate for any odd lot of Shares arising from conversion and shall deliver the share certificates to the Bondholder at the address in Hong Kong set out in the Conversion Notice (or, in the absence of such an address to the correspondence address or, in the absence of which, the registered address of the Bondholder specified in the Register) at the risk of the Bondholder, together with the original Bond with an endorsement on it by a director of the Issuer for any balance of the Bond not converted within the ten (10) Business Day period referred to above.

## **10 PROTECTION OF THE BONDHOLDER**

- 10.1 So long as the Bond is outstanding, unless the Bondholder gives his prior written approval otherwise (such approval not to be unreasonably withheld or delayed):

- (a) the Issuer shall not authorise or effect a voluntary liquidation of the Issuer;
- (b) the Issuer shall from time to time keep available for issue, free from pre-emptive rights, out of its authorised but unissued capital, sufficient Shares to satisfy in full the Conversion Rights and the terms of any other securities for the time being in issue which are convertible into or have the right to subscribe Shares;
- (c) the Issuer shall not in any way modify the rights attached to the Shares (except as contemplated under Condition 8) as a class or attach any special restrictions thereto;
- (d) the Issuer shall procure that at no time shall there be in issue Shares of different nominal values other than arising from any consolidation or sub-division of the Shares;
- (e) other than as a result of, or in circumstances where, an offer made to holders of Shares to acquire all or any proportion of the Shares becoming unconditional, the Issuer shall use all reasonable endeavours (i) to maintain a listing for all the issued Shares on the Stock Exchange; (ii) to obtain and maintain a listing on the Stock Exchange for all the Conversion Shares; and (iii) to obtain a listing for all the Conversion Shares issued on the exercise of the Conversion Rights attaching to the Bond on any other stock exchange on which any of the Shares are for the time being listed and will forthwith give notice to the holder of the Bond in accordance with Condition 16 of the listing or delisting of the Shares by any such stock exchange;
- (f) the Issuer shall ensure that all the Conversion Shares will be duly and validly issued fully paid and registered and rank *pari passu* in all respect as the Shares issued;
- (g) the Issuer shall comply with and procure the compliance and fulfilment of all conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for approval of the issue of the Bonds or for the listing of and permission to deal in the Conversion Shares issued or to be issued on the exercise of the Conversion Rights and shall ensure the continued compliance and fulfilment thereof (provided in each case that the Bondholder complies with and satisfies all such conditions applicable to it);
- (h) the Issuer shall not issue or pay up any securities by way of capitalisation of profits or reserves other than by the issue of Shares in lieu of a cash dividend in the manner referred to in Condition 8.3(a)(ii);



- (i) the Issuer shall not make any issue, grant or distribution or take any other action if the effect thereof would be that on the exercise of the Conversion Rights, it would but for Condition 8.8 be required to issue Shares at a discount to their nominal value or to adjust the Conversion Price to a level below the nominal value of the Shares;
- (j) the Issuer shall not enter into any deed, agreement, assignment, instrument or documents whatsoever binding on it which may result in any breach of any of the terms and conditions of the Bond;
- (k) save for any consolidation, merger, sale or transfer of assets, which does not, individually or in aggregate, constitute, a discloseable transaction (as defined in Chapter 14 of the Listing Rules) of the Issuer, the Issuer will not consolidate with, merge into or sell or transfer its assets without prior written consent of the Bondholder; and
- (l) save for (i) any Financial Indebtedness which has been incurred prior to the Issue Date and disclosed to the Bondholder, (ii) any Financial Indebtedness provided by a banking company (as defined under the Listing Rules) or (iii) any trade payables incurred in the ordinary course of business of the Issuer, the Issuer shall not incur any Financial Indebtedness without prior written consent of the Bondholder.

10.2 The Issuer shall indemnify and shall always keep indemnified the Bondholder, upon demand, against any damages, losses, costs, expenses (including legal costs and expenses) or other liabilities which the Bondholder may suffer or incur directly as a result of or in connection with any breach or non-performance or non-compliance by the Issuer of any of the agreements, undertakings and obligations herein contained or any other terms and conditions of the Bond.

## 11 EVENTS OF DEFAULT

11.1 If any of the following events ("**Events of Default**") occurs, the Bondholder of this Bond may give notice in writing (a "**Default Redemption Notice**") to the Issuer that the principal amount of this Bond then outstanding has, on the giving of such notice, become immediately due and payable, whereupon the principal amount then outstanding on this Bond shall become immediately due and payable:

- (a) the Issuer or Mr. Sit Yau Chiu fails to pay on the due date any amount payable pursuant to any Transaction Document (to which it is a party), including interest on the Bond when due;
- (b) any representation or statement made or deemed to be made by the Issuer or Mr. Sit Yau Chiu in the Transaction Documents or any other document delivered by or on behalf of the Issuer or Mr. Sit Yau Chiu under or in connection with any Transaction Documents is or proves to have been incorrect or misleading when made or deemed to be made;
- (c) (i) any Financial Indebtedness of any Group Member is not paid when due nor within any originally applicable grace period; (ii) any Financial Indebtedness of any Group Member is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); (iii) any commitment for any Financial Indebtedness of any Group Member is cancelled or suspended by a creditor of any Group Member as a result of an event of default (however described); (iv) any creditor of any Group Member becomes entitled to declare any Financial Indebtedness of any Group Member due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this Clause 11.1(c) (cross default) if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above is less than HK\$10,000,000 (or its equivalent in any other currency or currencies);
- (d) any event or circumstance occurs which has or is reasonably likely to have a Material Adverse Effect (as defined in the Subscription Agreement);

- (e) the listing of the Shares (as a class) on the Stock Exchange is suspended for a continuous period of fifteen (15) days on each of which the Stock Exchange is generally open for trading, save as any suspension in relation to the clearance of any announcement, circular or other documents pursuant to the Listing Rules or the Takeovers Code;
- (f) Mr. Sit Yau Chiu ceases to become the chairman or an executive director of the Issuer;
- (g) the Issuer fails to perform or observe any of its obligations under the Conditions, in particular breach of any undertakings under Conditions 10 and 16;
- (h) if the guarantee given by Mr. Sit Yau Chiu under the Personal Guarantee ceases to be, or is claimed by Mr. Sit Yau Chiu not to be, in full force and effect;
- (i) a receiver, manager, judicial manager, administrator or other similar official is appointed in relation to the Issuer or any member of the Group, or an order is made or an effective resolution is passed for winding-up of the Issuer or any member of the Group except in the case of winding up for the purpose of the reorganisation of the group structure of the Group, or an order for bankruptcy of Mr. Sit Yau Chiu is passed; or
- (j) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any substantial part of the undertaking, property, assets or revenues of the Issuer.

11.2 The Issuer shall forthwith on becoming aware of any such event as is mentioned in this Condition give notice in writing thereof to the Bondholders. Notwithstanding the foregoing, if the Issuer shall fail to issue the Conversion Shares in accordance with the Conditions, any Bondholder shall be entitled to bring an action against the Issuer for either specific performance or damages.

## **12 VOTING**

The Bondholder will not be entitled to receive notices of, attend or vote at any meetings of the Issuer by reason only of it being the Bondholder.

## **13 EXPERTS**

In giving any certificate or making any adjustment hereunder, any approved merchant bank shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their decision shall be conclusive and binding on the Issuer and the Bondholder and all persons claiming through or under them respectively.

## **14 REPLACEMENT BONDS**

If a Bond is lost or mutilated, the Bondholder shall notify the Issuer as soon as practicable and a replacement Bond shall be issued if the Bondholder provides the Issuer with: (a) the mutilated Bond (if available); (b) a declaration by the Bondholder or its officer that the Bond had been lost or mutilated (as the case may be) or other evidence that the Bond had been lost or mutilated; and (c) an appropriate indemnity in such form and content as the Issuer may reasonably require. Any Bond replaced in accordance with this Condition shall forthwith be cancelled. All reasonable administrative costs and expenses associated with the preparation, issue and delivery of a replacement Certificate for any Bond shall be borne by the relevant Bondholder.

## **15 NOTICES**

Each notice, demand or other communication to be given or made under the Bond shall be in writing and delivered or sent to the relevant party at its respective address (either registered address or correspondence address) or facsimile number set out below:

To the Issuer:	at its Specified Office (for the attention of the Company Secretary)
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To the Bondholder: as recorded on the Register

A Bondholder may from time to time by notice given in accordance with this Condition 16 give not less than five (5) Business Days' prior notice of any change of its addresses or facsimile.

Any notice, demand or other communication so addressed to the relevant party shall be deemed to have been delivered: (a) if given or made by letter and delivered by hand or courier when actually delivered to the relevant address; (b) if given or sent by registered mail, on the date which is two (2) Business Days (in the case of mail sent to a local address) or five (5) Business Days (in the case of mail sent to an overseas address) after the posting thereof; and (c) if given or made by facsimile or email, when despatched with confirmation of successful transmission (and if the deemed date of delivery is not a Business Day, on the immediately following Business Day).

## **16 NEGATIVE PLEDGE**

16.1 For so long as any of the Bonds remains outstanding, except as provided below, the Issuer shall not and shall ensure no other member of the Group will create or allow to exist any Security Interest on any of its assets:

- (a) any Security Interest arising by operation of law and in the ordinary course of business of the Issuer or a member of the Group;
- (b) the Security Interests existing as at the date of this Agreement; or
- (c) any Security Interest created with the prior written consent of the Bondholder.

## **17 AMENDMENT**

The terms and conditions of the Bonds may be varied, expanded or amended only by agreement in writing between the Issuer and all Bondholders.

## **18 RESOLUTION OF DISPUTES AND GOVERNING LAW**

18.1 The Bonds and the Conditions are governed by and shall be construed in accordance with the laws of Hong Kong and the parties hereby submit to the non-exclusive jurisdiction of the courts of Hong Kong.



**Annexure I**  
**FORM OF TRANSFER**

**HK\$100,000,000 [10%] COUPON CONVERTIBLE BONDS**

(Being the convertible bonds of aggregate principal amount of HK\$[100,000,000] issued pursuant to the memorandum and articles of association of Ernest Borel Holdings Limited (the "**Issuer**") and a resolution of the board of directors of the Issuer passed on [ ].)

Terms defined in the enclosed Bond (as it may be amended from time to time) shall bear the same meaning in this Form of Transfer.

FOR VALUE RECEIVED the undersigned transfers hereby to the transferee (the "Transferee") whose particulars are set out below HK\$[\*] principal amount of the enclosed Bond, and all rights in respect thereof and irrevocably requests the Issuer to register and to issue new Bonds in accordance with the terms of this Bond (as it may be amended from time to time).

Particulars of the Transferee are as follows:-

(PLEASE PRINT OR TYPE IN THE RELEVANT INFORMATION)

Name of Transferee:	
Registered Address:	
Correspondence Address:	
Fascimile:	
HK dollar registered account for the purposes of payments under the Bonds:	<ul style="list-style-type: none"><li>• Name of Account</li><li>• Account No.</li><li>• Sort Code:</li><li>• Name of Bank:</li><li>• Address of Bank:</li></ul>

The Transferee hereby irrevocably represents, warrants and undertakes to the Issuer that it is not a connected person of the Issuer.

Dated:

Transferor's Name:

Transferee's Name:

\_\_\_\_\_

\_\_\_\_\_

Transferor's authorised signature:

Transferee's authorised signature:

\_\_\_\_\_

\_\_\_\_\_

Witness to Transferor's signature:

Witness to Transferee's signature:

[signature]

[signature]

name

name

Notes:

1. A representative of the Bondholder should state the capacity in which he signs (e.g. director).
2. In the case of joint holders, all joint holders must sign this transfer form.

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

**Annexure II**

**Form of EDO Notice of Repayment**

To: Ernest Borel Holdings Limited (the "Issuer")

Address: [\*]

[Date]

Terms defined in the enclosed Bond (as may be amended) shall bear the same meaning in this EDO Notice of Repayment.

We hereby give notice that an Event of Default has occurred.

We, being the registered Bondholder(s) of the Bonds represented by the attached Certificate, hereby give notice that we exercise our option to redeem such Bonds pursuant to Condition 6.3 and require the Issuer to repay the outstanding principal amount, interests and default interests in relation to the Bonds, on \_\_\_\_\_ in accordance with the Terms and Conditions.

We require you to pay to us in the manner authorized below the moneys to which we are entitled pursuant to this EOD Notice of Repayment.

We authorize and request you to pay the said sum by telegraphic transfer to our registered bank account(s).

Name of Bondholder:

.....

Address:

.....

Date:

.....

Tel. No:

.....

Fax No:

.....

Signature:

**Annexure III**  
**FORM OF CONVERSION NOTICE**

**HK\$[100,000,000] [10%] COUPON CONVERTIBLE BONDS**

(Forming part of an issue of convertible bonds of principal amount of HK\$[100,000,000] issued pursuant to the memorandum and articles of association of Ernest Borel Holdings Limited (the "Issuer") and a resolution of the board of directors of the Issuer passed on [ ].)

To : ERNEST BOREL HOLDINGS LIMITED

Terms defined in the enclosed Bond (as may be amended) shall bear the same meaning in this Conversion Notice.

The undersigned hereby irrevocably elects to convert the following amount of the enclosed Bond into shares of the Issuer in accordance with the Conditions, as of the date specified below, such shares to be issued in the name of the shareholder set out below.

Name of Bondholder:	
Bond Number(s):	
Amount to be converted:	
Conversion Date: (being the date of this notice)	
Applicable Conversion Price:	
Name in which Shares are to be issued:	
Address of shareholder:	
Delivery address in Hong Kong for share certificates:	

The undersigned hereby irrevocably represents, warrants and undertakes to you that (i) neither we nor the Shareholder named above are a Restricted Holder.

We hereby acknowledge that you will in reliance of the foregoing representation, warranty and undertaking issue and allot Conversion Shares to us in accordance with the Conditions.

Signature of Bondholder:

Dated [•]

**SCHEDULE II**

**FORM OF THE PERSONAL GUARANTEE**