

DATE: 8 July 2016

**SINO GOLF HOLDINGS LIMITED
(as Company)**

and

**WEALTH SAILOR LIMITED
(as Subscriber)**

and

**SURPLUS EXCEL LIMITED
&
JIANG JIANHUI
(as Guarantors)**

SUBSCRIPTION AGREEMENT

INDEX

| | <u>Page No.</u> |
|-----------------|-----------------|
| Parties | 1 |
| Recitals | 1 |

| <u>Clause No.</u> | <u>Heading</u> | |
|-------------------|---|----|
| 1. | INTERPRETATION | 2 |
| 2. | CONDITIONAL AGREEMENT | 7 |
| 3. | AGREEMENT TO SUBSCRIBE | 8 |
| 4. | SUBSCRIPTION SHARES AND CONVERTIBLE BONDS..... | 8 |
| 5. | COMPLETION..... | 9 |
| 6. | REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS BY THE SUBSCRIBER | 11 |
| 7. | PRE-COMPLETION COVENANTS | 11 |
| 8. | COSTS AND EXPENSES..... | 14 |
| 9. | CONFIDENTIALITY AND ANNOUNCEMENT | 14 |
| 10. | CONTINUING OBLIGATIONS AND TIME | 15 |
| 11. | WARRANTIES | 15 |
| 12. | SUCCESSORS AND ASSIGNS..... | 17 |
| 13. | COUNTERPARTS | 17 |
| 14. | NOTICES | 17 |
| 15. | GOVERNING LAW..... | 17 |

Execution

APPENDIX A Form of Application for Subscription Shares

APPENDIX B Form of Convertible Bond Instrument

SCHEDULE 1 Particulars of the Company

SCHEDULE 2 Company's Share Capital

SCHEDULE 3 Particulars of the Subsidiaries

SCHEDULE 4 Representations and Warranties

THIS AGREEMENT is dated 8 July 2016

BETWEEN:

- (1) **SINO GOLF HOLDINGS LIMITED**, a company incorporated in Bermuda and having its registered office at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and its head office and principal place of business in Hong Kong at 21st Floor, 1 Duddell Street, Central, Hong Kong (the “**Company**”);
- (2) **WEALTH SAILOR LIMITED**, a company incorporated in the British Virgin Islands with limited liability having its registered address at Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands (the “**Subscriber**”);
- (3) **SURPLUS EXCEL LIMITED**, a company incorporated in the British Virgin Islands with limited liability having its registered address at OMC Chambers, Wickhams Cay1, Road Town, Tortola, British Virgin Islands (“**Surplus Excel**”); and
- (4) **JIANG JIANHUI**, holder of Hong Kong Identity Card number M200370(3) of 澳門新口岸皇朝區倫斯泰特大馬路297至303號40樓B (“**Mr. Jiang**” together with Surplus Excel, the “**Guarantors**”).

WHEREAS:

- (A) The Company is incorporated in Bermuda with limited liability. Brief details of the Company as at the date of this Agreement are set out in Schedule 1.
- (B) As at the date hereof, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Shares, of which 2,340,250,000 Shares are in issue and fully paid up. The issued Shares of the Company are listed on Main Board of the Stock Exchange with the stock code 361.
- (C) The Company has agreed to issue and the Subscriber has agreed to subscribe for (i) an aggregate of 2,861,000,000 new Shares to be allotted and issued fully paid up (the “**Subscription Shares**” and each a “**Subscription Share**”) in the capital of the Company, representing approximately 122.25% of the issued share capital of the Company as at the date of this Agreement and (ii) convertible bonds in an aggregate principal amount of HK\$74,100,000 which shall be convertible into the Conversion Shares, subject to and upon the terms and conditions of this Agreement.
- (D) Immediately following completion of this Agreement, but before the conversion of the Convertible Bonds and the issue of the Conversion Shares, the Subscriber will be interested in a total of 2,861,000,000 Shares, representing approximately 55.01% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Subscriber agrees to apply for the Whitewash Waiver in respect of the securities of the Company in accordance with the Takeovers Code.
- (E) Surplus Excel is beneficially interested in a total of 984,754,355 Shares, representing approximately 42.08% of the issued share capital of the Company as of the date of

this Agreement. Surplus Excel is beneficially owned as to 80% by Mr. Jiang as at the date hereof.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. INTERPRETATION

In this Agreement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

| | |
|-------------------------------|--|
| “Accounts” | the audited consolidated statement of financial position of the Company, the audited consolidated statement of profit and loss and other comprehensive income of the Company, the audited consolidated statement of changes in equity and the audited consolidated statement of cash flows of the Company, in each case, as at or in respect of the three financial years ended on 31 December 2013, 2014 and 2015 including, in each case, the notes thereto and the directors’ report and auditors’ report |
| “Accounting Date” | 31 December 2015 |
| “acting in concert” | has the meaning ascribed thereto in the Takeovers Code and “parties acting in concert” shall be construed accordingly |
| “Affiliate” | of any specified person means any other person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such specified person |
| “Anti-Corruption Laws” | has the meaning ascribed to it in Schedule 4 Part A paragraph 23.1 |
| “Applicable Laws” | with respect to any person, any laws, rules, regulations, directives, treaties, decrees or orders of any governmental or regulatory authority that are applicable to and binding on such person and without limitation to the foregoing, shall, in respect of the Company, include the Listing Rules and the Takeovers Code |
| “Assets” | has the meaning ascribed to it in Schedule 4 Part A paragraph 9.1 |
| “associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Business Day” | a day (other than a Saturday, Sunday, public or statutory holiday and days on which a typical cyclone warning |

signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for ordinary banking business throughout their normal business hours

“Completion” completion of the subscription of the Subscription Shares and the Convertible Bonds in accordance with the provisions of Clause 5

“Completion Date” the date of Completion

“connected person(s)” has the meaning ascribed thereto under the Listing Rules

“Control” in relation to an undertaking:

- (a) the power to direct the exercise of a majority of the voting rights capable of being exercised at a general meeting of that undertaking;
- (b) the right to appoint or remove a majority of the board of directors (or corresponding officers) of that undertaking; or
- (c) the right to exercise a dominant influence over that undertaking by virtue of provisions contained in its constitutional documents or under a control contract or otherwise,

in each case either directly or indirectly and **“Controlled”** and **“Controlling”** shall be construed accordingly

“Conversion Shares” the new Shares to be allotted and issued by the Company upon conversion of the Convertible Bonds in accordance with the terms and conditions set out in the convertible bond instrument, the form of which is set out in Appendix B

“Convertible Bonds” the convertible bonds (in accordance with the terms and conditions set out in the convertible bond instrument, the form of which is set out in Appendix B) in an aggregate principal amount of HK\$74,100,000

“Encumbrance” any mortgage, charge, pledge, claim, lien (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, hire purchase, credit, conditional sale, title retention, leasing,

sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same

“Executive”

the Executive Director of the Corporate Finance Division of the SFC and any delegate for the time being of the Executive Director

“Government Entity”

(a) any national, federal, state, county municipal, local or foreign government or any entity exercising executive, legislative, judicial, regulatory, taxing or administrative functions of or pertaining to government; (b) any public international organization, (c) any agency, division, bureau, department or other political subdivision of any government, entity or organization described in the foregoing sub-clauses (a) or (b) of this definition; or (d) any company, business, enterprise or other entity owned, in whole or in part, or controlled by (i) any national, federal, state, county municipal, local or foreign government or any entity exercising executive, legislative, judicial, regulatory, taxing or administrative functions of or pertaining to government; (ii) any public international organization, or (iii) any agency, division, bureau, department or other political subdivision of any government, entity or organization described in the foregoing sub-clauses (i) or (ii)

“Government Official”

(a) any official, officer, employee or representative of, or any person acting in an official capacity for or on behalf of a Government Entity; (b) any political party or party official or candidate for political office; or (c) any company, business, enterprise or other entity owned, in whole or in part, or controlled by any person described in the foregoing sub-clauses (a) or (b) of this definition;

“Group”

the company together with its Subsidiaries and the expressions **“member of the Group”** and **“Group Company”** shall be construed accordingly

“Guarantors’ Warranties”

the representations, warranties and undertakings set out in Schedule 4 Part B given by the Guarantors

“HKFRS”

Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants from time to time

“Hong Kong”

the Hong Kong Special Administrative Region of the PRC

| | |
|-----------------------------------|--|
| “Independent Shareholders” | Shareholders other than the Subscriber and the Guarantors, and their respective associates and parties acting in concert with them |
| “Licenses and Approvals” | has the meaning ascribed to it in Schedule 4 Part A paragraph 10.1 |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Loss” | has the meaning ascribed to it in Clause 11.5 |
| “Material Adverse Effect” | <p>any event, circumstance or effect or any combination of them which is, or which could reasonably be expected to be, materially adverse to (i) the business, operations, business results or financial condition of the Group taken as a whole; or to (ii) the ability of the Company to perform its obligations under this Agreement, excluding in any such case, any event, circumstance or effect resulting from the following or any combination of the following:</p> <ul style="list-style-type: none"> (a) performance of obligations under, or compliance with, the terms and conditions of this Agreement and any transaction or agreements contemplated to be performed by the Company hereunder; or (b) pandemics, earthquakes, hurricanes, tornadoes or other natural disasters, or fire, war, riot, terrorism or similar force majeure events, provided that any such events do not disproportionately and substantially affect the Group in any material respect |
| “Money Laundering Laws” | has the meaning ascribed to it in Schedule 4 Part A paragraph 22.1 |
| “New Share Option Scheme” | the share option scheme of the Company adopted by the Company on 5 June 2012 |
| “Old Share Option Scheme” | the share option scheme of the Company adopted by the Company on 7 August 2002 which was terminated on 5 June 2012 |
| “PRC” | the People’s Republic of China, which for the purpose of this Agreement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |

| | |
|----------------------------------|--|
| “SFC” | Securities and Futures Commission of Hong Kong |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Share Option Schemes” | collectively, the Old Share Option Scheme and the New Share Option Scheme |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription” | the subscription of the Subscription Shares and the Convertible Bonds by the Subscriber subject to and upon the terms and conditions of this Agreement |
| “Subscription Amount” | has the meaning ascribed to it in Clause 4.1 |
| “Subscription Shares” | has the meaning ascribed to it in the Recital |
| “Subsidiaries” | the subsidiaries of the Company and each a “Subsidiary” |
| “substantial shareholder” | has the meaning ascribed thereto under the Listing Rules |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “Tax” | all forms of taxation, estate duties, deductions, withholdings, duties, imposts, levies, fees, charges, social security contributions and rates imposed, levied, collected, withheld or assessed by any local, municipal, regional, urban, governmental, state, federal or other body in Hong Kong or elsewhere and any interest, additional taxation, penalty, surcharge or fine in connection therewith; |
| “Warranties” | the representations, warranties and undertakings set out in Schedule 4 Part A given by the Company and the Guarantors jointly and severally |
| “Whitewash Waiver” | waiver as may be granted by the Executive in favour of the Subscriber and parties acting in concert with it to make a general offer to acquire the issued Shares and securities of the Company (excluding the issued Shares and securities of the Company which are owned or agreed to be acquired by the Subscriber and parties acting in concert with it) in accordance with the Takeovers Code |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

1.2 References in this Agreement to the singular shall, where the context so requires, be deemed to include references to the plural and vice versa and references to one gender shall include all genders. The clause headings in this Agreement are inserted for convenience only and shall not affect the construction of this Agreement.

1.3 References herein to Recitals and Clauses, Schedules and Appendices are, unless the context otherwise requires, to recitals to and clauses in and schedules to and appendices to this Agreement.

2. CONDITIONAL AGREEMENT

2.1 Completion is conditional upon the satisfaction or waiver of the following conditions:

- (a) the Warranties and the Guarantors' Warranties remaining true and correct in all material respects at Completion;
- (b) all necessary third party consents and approvals required to be obtained in respect of this Agreement and the transactions contemplated hereby, including but not limited to the Subscription, having been obtained;
- (c) the passing by the Independent Shareholders of the Company who are entitled to vote and not required to abstain from voting under the Listing Rules and/or the Takeovers Code at a special general meeting of the Company to be convened and held of the necessary resolutions to approve this Agreement and the transactions contemplated hereunder, including among others, the allotment and issue of the Subscription Shares, the Convertible Bonds and the Conversion Shares falling to be issued upon conversion of the Convertible Bonds, the Whitewash Waiver and the election of the Subscriber's nominees as directors of the Company, effective upon Completion;
- (d) the Shares remaining listed on the Main Board of the Stock Exchange at all times from the date of this Agreement, save for any suspension in trading not exceeding five consecutive trading days (except for any suspension for the purpose of clearing any announcement regarding the Subscription and this Agreement), or such longer period as the Subscriber may accept in writing;
- (e) the Stock Exchange granting, and not having withdrawn or revoked up to Completion, the listing of and permission to deal in the Subscription Shares and the Conversion Shares falling to be allotted and issued upon conversion of the Convertible Bonds on the Stock Exchange;
- (f) the granting of the Whitewash Waiver by the Executive and the satisfaction of any condition attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn;
- (g) there having been no material breach of the provisions of Clause 7; and

- (h) save as disclosed in the announcement of the Company dated 7 July 2016, no Material Adverse Effect on the Group Companies having occurred since the Accounting Date.

2.2 The Company shall, at its own cost, exercise all reasonable endeavours to procure the satisfaction of the conditions specified in Clauses 2.1(a), (b), (c), (d), (e), (g) and (h) by the time specified in Clause 2.4. The Subscriber shall, at its own cost, exercise all reasonable endeavours to procure the satisfaction of the condition specified in Clause 2.1(b) and (f) by the time specified in Clause 2.4. Each of the parties hereto shall procure that all information and documents required pursuant to the Listing Rules, the Takeovers Code and other applicable rules, codes and regulations and all other announcements, circulars, reports, documents, independent advices or otherwise duly given promptly to the Company, the Stock Exchange, the SFC and other regulatory authorities.

2.3 The Subscriber may at any time waive in whole or in part and conditionally or unconditionally the condition specified in Clauses 2.1(a), (b), (d), (g) and (h) in writing to the Company.

2.4 In the event the condition referred to in Clause 2.1 not being fulfilled or (where applicable) waived by 12:00 noon on 30 September 2016 (or such other time and date as may be agreed by the Company and the Subscriber in writing), all rights, obligations and liabilities of the parties hereunder shall cease and terminate and neither party shall have any claim against the other, save for any antecedent breaches of the terms hereof.

3. AGREEMENT TO SUBSCRIBE

Subject to the conditions specified in Clause 2, the Subscriber shall subscribe for the Subscription Shares and the Convertible Bonds and the Company shall allot and issue (i) the Subscription Shares, free and clear of all Encumbrances and with full legal and beneficial title and all rights then attaching to them including the right to vote, to receive all distributions and dividends declared, paid or made in respect of the Subscription Shares after Completion; and (ii) the Convertible Bonds free and clear of all Encumbrances and with full legal and beneficial title and all rights then attaching to them, subject to the memorandum of association and bye-laws of the Company.

4. SUBSCRIPTION SHARES AND CONVERTIBLE BONDS

4.1 The Subscription Amount shall be HK\$400,254,000, comprising (i) HK\$0.114 per Subscription Share, which is equal to HK\$326,154,000 in aggregate for the Subscription Shares and (ii) HK\$74,100,000 for the Convertible Bonds (together, the “**Subscription Amount**”), which shall be payable to the Company by the Subscriber in cash upon Completion.

4.2 The Subscription Shares shall be allotted and issued, as fully paid or credited as fully paid, with effect from Completion. The Subscription Shares shall rank *pari passu* in all respects among themselves and with the Shares in issue on the date of such allotment and issue.

4.3 The Convertible Bonds shall be issued, credited as fully paid, to the Subscriber with effect from Completion. The Convertible Bonds shall be convertible into Conversion Shares

at an initial conversion price of HK\$0.114 per Conversion Share, subject to adjustment pursuant to the terms and conditions of the Convertible Bonds.

5. COMPLETION

5.1 Completion shall take place at 4:00 p.m. on the fifth Business Day (or such other date and time as may be agreed by the Company and the Subscriber in writing) after the satisfaction of the conditions set out in Clause 2.1 and subject to the terms and conditions of this Agreement at the office of Simpson Thacher & Bartlett at 35/F, ICBC Tower, 3 Garden Road, Central, Hong Kong (or such other place as may be agreed between the Company and the Subscriber) when all (but not part only) of the following business shall be transacted:

(a) the Subscriber shall:

- (i) pay, or shall procure the payment of the entire Subscription Amount, being HK\$400,254,000, to the Company by way of telegraphic transfer in immediately available funds without deductions to such bank account of the Company or a wholly-owned subsidiary of the Company designated by the Company, the details of such bank account shall be notified to the Subscriber by the Company not less than three (3) Business Days prior to the Completion Date;
- (ii) deliver to the Company, or procure the delivery to the Company of, a letter applying for the Subscription Shares signed by the Subscriber substantially in the form set out in Appendix A;
- (iii) deliver to the Company, or procure the delivery to the Company of, a certified true copy of the resolutions of the sole director of the Subscriber, approving and authorising the execution of this Agreement and any other documents referred to herein which require the Subscriber's execution and the transactions contemplated under this Agreement and such other documents; and
- (iv) deliver to the Company, or procure the delivery to the Company of, a copy of the Whitewash Waiver granted by the Executive; and

(b) the Company shall:

- (i) allot and issue to the Subscriber the Subscription Shares credited as fully paid and deliver or cause to be delivered to the Subscriber share certificate(s) for the Subscription Shares issued in the name of the Subscriber or deposit such share certificate(s) in CCASS, in each case as directed by the Subscriber by giving not less than five Business Days' prior written notice to the Company;
- (ii) issue the Convertible Bonds to the Subscriber credited as fully paid and shall procure that the Subscriber (or its nominees as the Subscriber may direct) be registered in the register of bondholders of the Company as the holder of the Convertible Bonds;

- (iii) deliver to the Subscriber a copy of the register of members of the Company, certified by a director of the Company, duly recording the relevant details of the Subscriber as a shareholder of the Company and its ownership of the Subscription Shares;
 - (iv) deliver to the Subscriber bond certificates representing the aggregate principal amount of the Convertible Bonds issued to the Subscriber and a copy of the instrument of the Convertible Bonds, certified by a director of the Company;
 - (v) deliver to the Subscriber a copy of the register of bondholders of the Company, certified by a director of the Company, duly recording the relevant details of the Subscriber as a bondholder of the Company and its ownership of the Convertible Bonds, and the relevant details of the Convertible Bonds and the Conversion Shares;
 - (vi) deliver to the Subscriber copy, certified as true and complete by a director of the Company, of resolutions of the Board approving the execution of this Agreement and the performance of the Company's obligations hereunder and the matter referred to in Clause 5.2;
 - (vii) deliver to the Subscriber certified copies of all consents and approvals that constitute the closing condition set forth in Clauses 2.1(b), (c) and (e);
 - (viii) if required by the Subscriber, deliver to the Subscriber certified copies of resignation letters (taking effect from the Completion Date) from not more than four existing directors of the Company from the position of director of the Company; and
 - (ix) deliver to the Subscriber a certificate signed by a duly authorised officer of the Company certifying that the Warranties are true and correct; and
- (c) Surplus Excel shall deliver to the Subscriber copy, certified as true and complete by a director of Surplus Excel, of resolutions of the Board approving the execution of this Agreement and the performance of Surplus Excel's obligations hereunder.

5.2 The Company shall procure a meeting of the Board to be held to approve the allotment and issue of the Subscription Shares, the Convertible Bonds, the Conversion Shares falling to be allotted and issued upon conversion of the Convertible Bonds in accordance with the terms and conditions of this Agreement.

5.3 In the event that any of the parties to this Agreement shall be unable to comply with any of their respective obligations under Clauses 5.1 and 5.2 on the Completion Date, without prejudice to any other right or remedy available, the non-defaulting party may, at its sole discretion, and without affecting any liabilities of the defaulting party for antecedent breaches):

- (1) defer Completion to a day not more than 14 Business Days after the date fixed for Completion (and so that the provision of this Clause 5 shall apply to Completion as so deferred); or
- (2) proceed to Completion so far as practicable but without prejudice to the Company's right to the extent that the Subscriber shall not have complied with its obligations hereunder; or
- (3) rescind this Agreement without liability on its part, whereupon this Agreement shall cease to have effect save for the provision of Clauses 8, 9, 13, 14 and 15 which shall continue to have full force and effect.

6. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS BY THE SUBSCRIBER

6.1 The Subscriber hereby represents and warrants to the Company that (i) it is subscribing the Subscription Shares as principal on behalf of itself and not as a nominee or agent; (ii) as at the date of this Agreement, it and its ultimate beneficial owner(s) are not parties acting in concert with any substantial shareholders of the Company; (iii) it and its ultimate beneficial owner(s) are independent of and not connected with the Company and its connected persons; and (iv) itself, its ultimate beneficial owner(s) and/or their respective parties acting in concert have not acquired any Shares (other than those agreed to be acquired under this Agreement) in the six months prior to the date of this Agreement.

6.2 The Subscriber hereby undertakes that it will apply for the Whitewash Waiver in respect of the securities of the Company in accordance with the Takeovers Code and shall use all reasonable endeavours to procure that the circular in relation to the Whitewash Waiver be despatched as soon as is reasonably practicable after the announcement of the terms thereof and within the time limit required by the Executive and the Takeovers Code (or such later date as may be approved by the Executive), and shall comply in all respects with the requirements of the Takeovers Code.

6.3 The Subscriber hereby undertakes to and covenants with the Company that, without the prior consent of the Company, it shall not and shall procure the registered owner or nominee of the Subscription Shares (if applicable) not to, whether directly or indirectly, in the period commencing on the Completion Date and ending on the date which is twelve (12) months from the Completion Date, sell or enter into agreement to sell any of the Subscription Shares which will result in the Subscriber ceasing to hold, whether directly or indirectly, 50% or more of the issued share capital of the Company.

7. PRE-COMPLETION COVENANTS

7.1 Each of the Company and the Guarantors undertakes to and covenants with the Subscriber that, from the date of this Agreement and to Completion, it or he shall procure that unless otherwise agreed by the Subscriber in writing:

- (a) the business of the Group is conducted only in the ordinary and usual course of business and all commercially reasonable steps are taken to preserve and protect the assets of each Group Company;

- (b) each Group Company will comply with all Applicable Laws and the applicable requirements of the Listing Rules, and will not take any action which would make any Warranty incorrect or untrue, and will maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith;
- (c) subject to any limitations, restrictions or conditions necessary for the Company and any Group Company to comply with obligations under Applicable Laws, the Subscriber's representatives, including any independent accountants appointed by the Subscriber at its own cost, shall be allowed such access as is reasonably requested, upon reasonable notice and during working hours and may access and/or examine (and, at the Subscriber's own expense, make copies of) (i) the books, records, accounts and internal accounting records of Group Companies; and (ii) the premises used by, and management of, each Group Company and their businesses;
- (d) to the extent not prohibited or prevented by Applicable Laws from doing so, all relevant information which comes to its notice or that of any Group Company in relation to any fact or matter (whether existing on or before the date of this Agreement or arising afterwards) which may constitute a breach of any Warranty if the Warranties were to be repeated on or at any time before Completion by reference to the facts and circumstances then existing as if references in the Warranties to the date of this Agreement were references to the relevant date, is promptly disclosed in writing to the Subscriber and they will take such steps as may be reasonably requested by the Subscriber to remedy and/or publicise the same;
- (e) no Group Company issues or agrees to issue or allots any share or loan capital, any options or securities which are convertible or exchangeable into share or loan capital, or grant any option under the Share Option Schemes, or make an agreement or arrangement or undertake an obligation or permit to do any of those things;
- (f) no Group Company carries out any capitalisation issue or any other reorganisation of share capital;
- (g) no Group Company redeems or purchases any shares of any Group Company or makes an agreement or arrangement or undertake an obligation or permit to do any of those things or provide financial assistance for any such redemption or purchase;
- (h) no Group Company declares, authorises, makes or pays any dividend or other distribution (whether in cash, stock or kind) or reduces, purchases or redeems any part of its paid-up share capital;
- (i) all connected transactions (as defined in the Listing Rules) are disclosed to the Subscriber and take place on arm's length terms;

- (j) other than in the ordinary course of business of the Group or any Group Company and save for the professional fees to be paid to the professional parties engaged by any Group Company for the purpose of assisting in the fulfillment of its compliance obligations, no Group Company enters into or terminates any contract or arrangement having a value or in excess of HK\$500,000 in aggregate;
- (k) no Group Company enters into or terminates any contract or arrangement (i) involving or likely to involve expenditure, capital commitment or acquisition of financial assets or other assets with a value in excess of HK\$500,000 in aggregate or (ii) which cannot be performed within its terms within 12 months after the date on which it is entered into or undertaken or cannot be terminated on less than three months' notice;
- (l) no Group Company makes any loan (other than the granting of any trade credit in the ordinary and usual course of business) to any person (other than another Group Company);
- (m) no Group Company makes or undertakes to make any capital expenditure in excess of HK\$500,000 in aggregate;
- (n) no Group Company acquires or forms any Subsidiary, or acquires any shares (or any share capital) or other securities of any company on a proprietary basis having a value in excess of HK\$500,000 in aggregate or acquire the whole or any substantial part of the undertaking, assets or business of any other company or any firm or person or enters into any joint venture or partnership with any other person;
- (o) no Group Company enters into any guarantee, indemnity or other agreement to secure any obligation of a third party (other than a Group Company) or create any encumbrance over any of its assets or undertaking other than any guarantee, indemnity or encumbrance which are in place as at the date of this Agreement;
- (p) no Group Company agrees to or permits the institution or settlement of any litigation;
- (q) no Group Company winds up or liquidates any Group Company or appoints any receiver in respect of any part of the assets of any Group Company;
- (r) no Group Company terminates any insurance policies which are in force as at the date of this Agreement before the expiry of their respective terms or carries out any action or omits to carry out any action which will render such insurance policies invalid, being revoked or capable of being revoked;
- (s) no Group Company makes any change to its accounting principles or policies or financial year end;
- (t) no Group Company amends its constitutional documents;

- (u) other than due to any resignation, death, illness or incapacitation of any individual, no Group Company alters the composition of its board of directors unless pursuant to this Agreement;
- (v) no Group Company makes or proposes any compromise or any arrangement with its creditors;
- (w) no Group Company carries out any action which is likely to materially jeopardise or diminish the value of any net assets of any Group Company;
- (x) no Group Company shall incur any additional borrowings or any other indebtedness in the nature of borrowings or drawdown additional borrowings from any existing banking facilities of an amount exceeding HK\$3,000,000 in aggregate; and
- (y) save as required by law:
 - (i) no Group Company shall make any amendment to the terms and conditions of service or employment (including remuneration, pension entitlements and other benefits) of any director, officer or employee (save for those amendments made pursuant to this Agreement);
 - (ii) no Group Company shall provide or agree to provide any gratuitous payment or benefit (other than those to be provided in accordance with the terms and conditions of existing service or employment) to any director, officer or employee or any of their respective dependents;
 - (iii) no Group Company shall make any bonus payment (other than those to be provided in accordance with the terms and conditions of existing service or employment) to any director, officer or employee; or
 - (iv) no Group Company shall engage or appoint any additional director, officer or employee on an annual salary (on the basis of full-time service or employment) in excess of HK\$500,000 or equivalent.

8. COSTS AND EXPENSES

8.1 Each party shall bear its own costs and expenses (including legal fees) incurred in connection with the preparation, negotiation, execution and performance of this Agreement and all documents incidental or relating to Completion.

8.2 The Company agrees to pay all fees, costs and expenses incurred in connection with the listing of Subscription Shares and the Conversion Shares falling to be issued upon conversion of the Convertible Bonds on the Stock Exchange.

9. CONFIDENTIALITY AND ANNOUNCEMENT

9.1 Each of the parties undertakes to the others that it will not, during the continuation of this Agreement and at any time after the date of this Agreement, divulge or communicate to any person other than to its professional advisers, or when required by law or by any relevant

stock exchange body or regulatory or governmental body or by order of court with competent jurisdiction, or to its respective officers or employees whose province it is to know the same any confidential information concerning the business, accounts, finance or contractual arrangements or other dealings, transactions or affairs of any of the others which may be within or may come to its knowledge and it shall use its best endeavours to prevent the publication or disclosure of any such confidential information concerning such matters.

9.2 The Company shall cause the Announcement be published on the website after the Stock Exchange, the SFC and other relevant regulatory authorities have confirmed that they have no comments thereon. Save as aforesaid or as may be required by law, the Stock Exchange, the SFC or other relevant regulatory or governmental authorities, or by order of court with competent jurisdiction, no press or other announcement shall be made in connection with the subject matter of this Agreement by any party without the prior approval of the other. Where any press or other announcement is required by law, the Stock Exchange, the SFC or other relevant regulatory or governmental authorities, the party proposing to make the announcement shall so far as practicable consult with the other party regarding the terms of such announcement prior to its release.

10. CONTINUING OBLIGATIONS AND TIME

10.1 All provisions of this Agreement shall continue in full force and effect notwithstanding Completion except in respect of those matters then already performed.

10.2 Each of the Company and the Subscriber hereby undertakes to the other that each of them will do all such acts and things and execute all such deeds and documents as may be necessary or desirable to carry into effect or to give legal effect to the provisions of this Agreement and the transactions contemplated hereby.

10.3 Time shall be of the essence of this Agreement as regards any time or period specified herein or which may be varied with the agreements of all parties.

10.4 No delay or failure by a party to exercise or enforce (in whole or in part) any right provided by this Agreement or by law shall operate as a release or waiver, or in any way limit that party's liability to further exercise or enforce that, or any other, right. A waiver of any breach of any provision of this Agreement shall not be effective, or implied, unless that waiver is in writing and is signed by the party against whom that waiver is claimed.

10.5 Nothing in this Agreement shall be taken to constitute a partnership between the parties hereto and none of them shall have any authority to bind any of the other party in any way.

10.6 Should any provision of this Agreement be declared null and void by any competent government agency or court this shall not affect the other provisions of this Agreement which are capable of severance and which shall continue unaffected.

11. WARRANTIES

11.1 The Company and the Guarantors jointly and severally represent, warrant and undertake to the Subscriber on the terms as set out in Schedule 4 Part A as at the date of this Agreement and up to the date of Completion. Each Warranty is a separate and independent

statement and is not limited or otherwise affected by any other Warranty or by any other provision of this Agreement.

11.2 The Guarantors jointly and severally represent, warrant and undertake to the Subscriber on the terms as set out in Schedule 4 Part B as at the date of this Agreement and up to the date of Completion. Each Guarantors' Warranty is a separate and independent statement and is not limited or otherwise affected by any other Guarantors' Warranty or by any other provision of this Agreement.

11.3 Each of the Company and the Guarantors undertakes to notify, to the extent it is not prohibited by Applicable Laws from doing so, the Subscriber in writing promptly if it/he or any other member of the Group becomes aware of any circumstance arising at any time after the date of this Agreement which would cause any Warranty to become untrue or inaccurate or misleading in any material respect if such Warranty were repeated at such time.

11.4 Each of the Guarantors undertakes to notify, to the extent it is not prohibited by Applicable Laws from doing so, the Subscriber in writing promptly if it/he becomes aware of any circumstance arising at any time after the date of this Agreement which would cause any Guarantors' Warranty to become untrue or inaccurate or misleading in any material respect if such Guarantors' Warranty were repeated at such time.

11.5 The Company shall, on demand, indemnify and keep indemnified the Subscriber from and against any loss (including, without limitation, any reduction in the value of the Subscription Shares, the Convertible Bonds or the Conversion Shares falling to be issued upon conversion of the Convertible Bonds), liability, damages, costs or expenses (including legal expenses) ("Loss") suffered or incurred by the Subscriber directly or indirectly as a result of or in connection with, any breach by the Company of the terms of this Agreement (including without limitation the Warranties and the covenants set out in Clause 7).

11.6 Each of the Guarantors shall, jointly and severally and on demand, indemnify and keep indemnified the Subscriber from and against any Loss suffered or incurred by the Subscriber directly or indirectly as a result of or in connection with, any breach by the Company and/or any of the Guarantors of the terms of this Agreement (including without limitation the Warranties, the Guarantors' Warranties and the covenants set out in Clause 7).

11.7 Notwithstanding any other provision contained herein, the liability of the Company and the Guarantors in respect of any claims for breach of the Warranties and other provisions of this Agreement shall be limited as follows:

- (a) the Company and the Guarantors shall not be liable in respect of any claim under the Warranties where the amount of each of such claims does not exceed HK\$100,000;
- (b) the maximum aggregate liability of the Company and the Guarantors in respect of all claims for breach of any of the Warranties shall be equal to the aggregate principal amount of the Subscription Amount being actually received by the Company in accordance with this Agreement; and
- (c) if any claim for breach of any Warranty and other provisions under this Agreement is brought in relation to any liability of the Group which is

contingent only, the Company and the Guarantors shall not be liable to make any payment in respect thereof unless and until such contingent liability becomes an actual liability; and

- (d) the Company and the Guarantors shall not be liable in respect of the breach of the Warranties unless the Company shall have received written notice from the Subscriber of such claim, specifying in reasonable detail the event or default to which the claim relates and the nature of the breach and (if capable of being quantified at that time) the amount claimed, not later than the expiry of the period of one year from the Completion Date, or in respect of any Taxation claim, within three years after the Completion Date.

12. SUCCESSORS AND ASSIGNS

This Agreement shall be binding on and shall enure for the benefit of each party's successors and assigns and personal representatives (as the case may be), but no assignment may be made of any of the rights or obligations hereunder of either party without the prior written consent of the other party. No amendments to this Agreement will be effective unless it is in writing and signed by all parties to this Agreement.

13. COUNTERPARTS

This Agreement may be signed in any number of counterparts, each of which shall be binding upon the party executing it and which together shall constitute one agreement.

14. NOTICES

14.1 Any notice, claim, demand, court process, document or other communication to be given under this Agreement (collectively "communication" in this Clause 14) shall be in writing in the English language and may be served by leaving the same at or sending the same by post in a postage prepaid envelope or by facsimile transmission to the correspondence address stated after the relevant party's name at the beginning of this Agreement or to the registered office for the time being of the party to be served or to such other address (which must be in Hong Kong) or facsimile number as may have been notified in writing by such party to the party serving the communication specifically referring to this Agreement.

14.2 A communication served in accordance with Clause 14.1 shall be deemed to have been received by its addressee one Business Day after the same was left at or sent to its registered office or other address for service (if sent by local mail) or five Business Days after the same was sent to its registered office or other address for service (if sent by airmail) or on despatch (if sent by facsimile transmission).

15. GOVERNING LAW

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

15.2 The parties hereby submit to the non-exclusive jurisdiction of the courts of Hong Kong in connection herewith but the terms of this Agreement may be enforced in any court of competent jurisdiction.

15.3 Unless expressly provided to the contrary in this Agreement, a person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623, Laws of Hong Kong) to enforce any of the terms of this Agreement, and whether so provided in this Agreement or not, no consent of third party is required for the amendment to (including the waiver or compromise of any obligation), rescission of or termination of this Agreement.

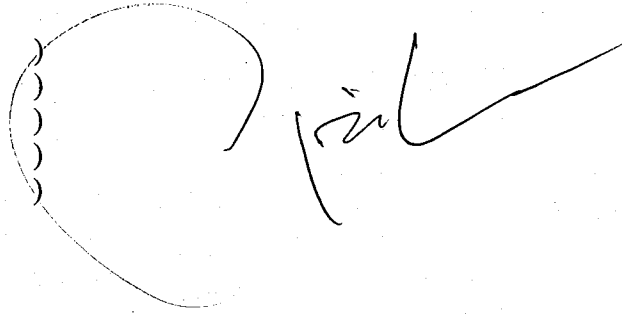
In witness whereof this Agreement has been duly executed by the parties hereto the day and year first above written.

THE COMPANY

SIGNED by *Wong Hin Shek*

for and on behalf of

SINO GOLF HOLDINGS LIMITED

A large, handwritten signature in black ink, appearing to read 'Wong Hin Shek', is written over a faint circular stamp or watermark.A handwritten signature in black ink, appearing to read 'Li Chi Chung', is written above the printed name.

LI CHI CHUNG
a Solicitor of the High Court of the
Hong Kong Special Administrative Region
MICHAEL LI & CO.

THE SUBSCRIBER

SIGNED by HUANG Youlong, Director)

for and on behalf of)

WEALTH SAILOR LIMITED)

A handwritten signature in black ink, appearing to be the name 'Huang Youlong', written in a cursive style.

THE GUARANTORS

SIGNED by

for and on behalf of

SURPLUS EXCEL LIMITED

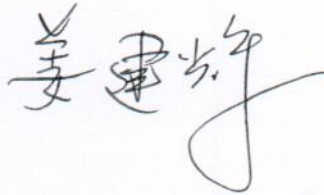
)
)
)
)
)

Handwritten signature in black ink, appearing to be '姜建辉' (Jiang Jianhui).

SIGNED by

JIANG JIANHUI

)
)
)

Handwritten signature in black ink, appearing to be '姜建辉' (Jiang Jianhui).

APPENDIX A

Form of Application for Subscription Shares

Date: [•] 2016

Sino Golf Holdings Limited
21st Floor
1 Duddell Street
Central
Hong Kong

Dear Sirs

Subscription for Shares

We write to apply for 2,861,000,000 shares of HK\$0.01 each (the “**Subscription Shares**”) in your Company subject to the memorandum of association and bye-laws of your Company at a subscription price of HK\$0.114 per Subscription Share.

We hereby confirm that the subscription price for the Subscription Shares have been fully settled in accordance with the terms and conditions of the subscription agreement dated 8 July 2016.

You are authorised and requested to deliver the share certificates for the Subscription Shares applied for to us.

In consideration of the allotment and issue of the Subscription Shares to us, we confirm that we are subscribing the Subscription Shares as principal on behalf of ourselves and not as nominee or agent.

Yours faithfully,

For and on behalf of
Wealth Sailor Limited

Name: Huang Youlong
Title: Director

APPENDIX B

Form of Convertible Bond Instrument

CONVERTIBLE BOND INSTRUMENT
by way of deed poll executed on [●], 2016
constituting HK\$74,100,000.00 convertible bonds due 2021
convertible into ordinary shares of
SINO GOLF HOLDINGS LIMITED

Table of Contents

| | Page |
|--|-------------|
| 1. Definitions | [•] |
| 2. Amount and Issue of Bonds | [•] |
| 3. Form and Issue of the Bonds..... | [•] |
| 4. Stamp Duties | [•] |
| 5. Covenants | [•] |
| 6. Currency Indemnity | [•] |
| 7. Communications | [•] |
| 8. Governing Law..... | [•] |
| Schedule 1 Form of Bond Certificate..... | [•] |

THIS INSTRUMENT is made by way of deed poll on [●] 2016 by **SINO GOLF HOLDINGS LIMITED**, a company incorporated in Bermuda and having its registered office at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and its head office and principal place of business in Hong Kong at 21st Floor, 1 Duddell Street, Central, Hong Kong and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 361) (the “**Company**”).

WHEREAS:

- (A) This Instrument is hereby issued by the Company pursuant to the Subscription Agreement dated 8 July 2016 executed by and among the Company, Wealth Sailor Limited, Surplus Excel Limited and Mr. Jiang Jianhui (the “**Subscription Agreement**”).
- (B) The Company has in accordance with its bye-laws and by a resolution of its board of directors passed on [●] 2016 resolved to create and issue the Bonds (as defined below).

NOW THIS INSTRUMENT WITNESSES AND THE COMPANY HEREBY DECLARES AS FOLLOWS:

1. DEFINITIONS

- 1.1. In this Instrument and the Bonds, unless the context otherwise requires, capitalized terms used herein shall have the meanings ascribed to them as follows:

“**Affiliate**” of a Person (the “**Subject Person**”) means (a) in the case of a Person other than a natural person: (i) any other person that directly or indirectly Controls, or is Controlled by, or is under common Control with, the Subject Person; and (ii) without limiting the generality of the foregoing, includes any limited or general partner, venture capital, investment vehicle or investment fund or member of such person now or hereafter existing that is controlled by or under common control with the Subject Person and (b) in the case of a natural person, any other Person that is directly or indirectly Controlled by the Subject Person or is an Associate of the Subject Person;

“**Alternative Stock Exchange**” means at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

“**Associate**” has the meaning given in Rule 1.01 of the Listing Rules;

“**Bond Certificate**” means a certificate, substantially in the form set out in Schedule 1 hereto, issued in the name of the holder of one or more Bonds;

“**Bondholder**” means a person whose name is for the time being entered in the Register of Bondholders as the holder of a Bond;

“**Bonds**” means the convertible bonds created and constituted by this Instrument and any deed poll supplemental hereto and issued with the benefit of, and subject to, the terms and conditions set out in this Instrument in registered form in the denomination of HK\$100,000 each and integral multiples of HK\$100,000 in excess thereof,

comprising an aggregate principal amount of HK\$74,100,000, or, as the case may be, the principal amount thereof for the time being outstanding and a “**Bond**” means an integral part of the Bonds evidenced by a Bond Certificate issued in accordance with the provisions of this Instrument;

“**Business Day**” means a day other than a Saturday or Sunday on which commercial banks are open for business in Hong Kong and, in the case of a surrender of a Bond Certificate, in the place where the Bond Certificate is surrendered;

“**Capital Distribution**” means any dividend or distribution, whether of cash or assets in specie or other property by the Company for any financial period, and whenever paid or made and however described or declared after the Issue Date, (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Condition 5.4(b)(i) by way of capitalisation of reserves and including any Scrip Dividend to the extent of the Relevant Cash Dividend));

“**CCASS**” means the Central Clearing and Settlement System of Hong Kong;

“**Change of Control**” occurs when either:

- (a) Wealth Sailor Limited and its Affiliates are no longer the largest shareholder of the Company; or
- (b) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other Person, unless the consolidation, merger, sale or transfer will not result in such other Person or Persons acquiring Control over the Company or the successor entity being merged with or transferred all or substantially all of the Company’s assets;

“**Closing Price**” for the Shares for any Trading Day shall be the price published in the Daily Quotation Sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day;

“**Conditions**” means the terms and conditions set out in Schedule 1 as from time to time modified in accordance with this Instrument, and any reference to a particularly numbered Condition shall be construed accordingly;

“**Control**” of a Person means (a) the power to appoint a majority of the members of the board of directors or equivalent governing body of such Person (or, if no such governing body exists, the direct or indirect ownership of a majority of the equity interests of such Person) or (b) the direct or indirect possession of the power to direct or cause the direction of the management or affairs of such Person, whether through ownership of securities or other ownership interests, through contractual arrangement or otherwise, and the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing;

“**Conversion Date**” has the meaning ascribed to it in Condition 5.3(b);

“**Conversion Notice**” means a notice electing to convert Bonds into Shares to be issued in accordance with Condition 5.3(a);

“Conversion Period” has the meaning ascribed to it in Condition 5.1(b);

“Conversion Price” means the price per Share at which Shares will be issued upon exercise of the Conversion Rights, such price initially being HK\$0.114 per Share, subject to adjustment in accordance with the terms of this Instrument;

“Conversion Right” has the meaning ascribed to it in Condition 5.1(a);

“Current Market Price” means, in respect of a Share at a particular time on a particular date, the average of the average Closing Price for one Share for each of the 30 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said 30 Trading Day period, the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (a) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the average Closing Price of the preceding 30 Trading Days thereof reduced by an amount equal to the amount of that dividend per Share; or
- (b) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall, for the purpose of this definition, be deemed to be the average Closing Price of the preceding 30 Trading Days thereof increased by such similar amount,

provided that, (i) if the Shares on each of the said 30 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share; and (ii) if:

- (A) the Closing Price is not available on each of the 30 Trading Days during the relevant period, then the arithmetic average of such Closing Price which is available in the relevant period shall be used (subject to a minimum of two such Closing Prices`); and
- (B) only one or no such Closing Price is available in the relevant period, then the current market price shall be determined in good faith by the Expert;

“Default” means an Event of Default or any event or circumstance specified in Condition 10 which would (with the expiry of a grace period, the giving of notice, the making of any determination or any of the combination any of the foregoing) be an Event of Default;

“Default Rate” means 10 per cent. per annum;

“Designated Office” means the Company’s head office and principal place of business in Hong Kong from time to time, such place being 21st Floor, 1 Duddell Street, Central, Hong Kong as at the date of this Instrument;

“Distribution” means any dividend or distribution, whether of cash or assets in specie or other property by the Company for any financial period, and whenever paid or made and however described or declared after the Issue Date (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid);

“Encumbrance” means any encumbrance, right, interest or restriction, including any mortgage, charge, assignment, pledge, lien, deed of trust, security interest, hypothecation, encroachment, easement, title defect, title retention agreement, voting trust agreement, right of pre-emption, right of first refusal, claim, option, limitation, forfeiture, penalty, equity, adverse interest or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing, including without limitation, anything analogous to any of the foregoing under the laws of any relevant jurisdiction;

“Equivalent Amount” has the meaning ascribed to it in Condition 5.3(d);

“Event of Default” means any event or circumstance specified in Condition 10;

“Expert” means an independent bank of international repute (acting as an expert), selected by the Company and approved in writing by the Bondholders. If the Company fails to select an Expert when required by the Conditions, the Bondholders may at their absolute discretion select the Expert;

“Fair Market Value” means, with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Expert; provided that: (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; and (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Expert) the fair market value of such options, warrants or other rights shall equal the average of the closing price for each such option, warrant or other rights for each of the 30 consecutive Trading Days ending on the Trading Day immediately preceding such date;

“Financial Year” means the financial year of the Company, currently ending on 31 December of each year;

“Group” means the Company and each of its Subsidiaries, associated companies and jointly controlled entities from time to time;

“HK Dollar”, “Hong Kong Dollar”, and “HK\$” means the lawful currency of Hong Kong;

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Hong Kong Stock Exchange” means The Stock Exchange of Hong Kong Limited;

“Issue Date” means the date of this Instrument;

“**Listing Rules**” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in force from time to time;

“**Material Adverse Effect**” means any event, circumstance or effect or any combination of them which is, or which could reasonably be expected to be, materially adverse to the business, operations, business results, or financial condition or prospects of the Group taken as a whole;

“**Maturity Date**” means the fifth anniversary of the Issue Date;

“**normal office hours**” means 9 a.m. to 5 p.m. on a Business Day;

“**outstanding**” means, in relation to the Bonds, all the Bonds issued except:

- (a) those which have been redeemed in accordance with the terms of this Instrument;
- (b) those in respect of which Conversion Rights have been exercised and discharged (and, for the avoidance of doubt, a Bond in respect of which a Conversion Date has occurred shall be deemed to remain outstanding until the Conversion Right has been satisfied and discharged even if the holder is removed from the Register of Bondholders during the conversion process);
- (c) those in respect of which the date for redemption has occurred and the redemption monies and all accrued default interest and premium (if any) have been duly paid to the relevant Bondholder(s);
- (d) those mutilated or defaced Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 12;
- (e) (for the purpose only of determining how many Bonds are outstanding and without prejudice to their status for any other purpose) those Bonds alleged to have been lost, stolen or destroyed and in respect of which replacement Bonds have been issued pursuant to Condition 12;

provided that for the purpose of the determination of how many and which Bonds are for the time being outstanding for the purposes of Condition 10, those Bonds (if any) which are for the time being held by any person (including but not limited to the Company or any of its Subsidiaries) for the benefit of the Company or any of its Subsidiaries shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

“**Person**” means any individual, company, corporation, body corporate, firm, partnership, joint-stock company, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity);

“**PRC**” means the People’s Republic of China but excluding, for the purpose of this Instrument and the Bonds, Hong Kong, the Macau Special Administrative Region and Taiwan;

“Register of Bondholders” has the meaning ascribed to it in Condition 3.1;

“Registration Date” has the meaning ascribed to it in Condition 5.3(d);

“Relevant Cash Dividend” has the meaning ascribed to it in Condition 5.4(b)(i);

“Relevant Event” occurs:

- (a) when the Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange for a period equal to or exceeding 30 consecutive Trading Days; or
- (b) when there is a Change of Control;

“Relevant Event Redemption Date” has the meaning ascribed to it in Condition 8.2(a);

“Relevant Event Redemption Notice” means a notice to be issued in accordance with Condition 8.2 requiring the Company to redeem Bonds;

“Scrip Dividend” has the meaning ascribed to it in Condition 5.4(b)(i);

“Shareholders” means the holders of Shares from time to time;

“Shares” means the ordinary shares of par value HK\$0.01 each in the capital of the Company (which include ordinary shares of the Company listed on the Hong Kong Stock Exchange or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Company);

“Stock Exchange Business Day” means any day (other than a Saturday or Sunday) on which the Hong Kong Stock Exchange or the Alternative Stock Exchange, as the case may be, is open for business of dealing in securities;

“Subscription Agreement” shall be as defined in the Recital;

“Subsidiary” includes, in relation to any person: (i) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect the directors, managers or trustees of such company or business entity; (ii) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries) not more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity but effectively controls (either directly or through one or more other subsidiaries) the management of the direction of business operations of such company or business entity; and (iii) any company or business entity which at any time has its accounts consolidated with those of that person or which, under Hong Kong law or any other applicable law regulations or the Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants from time to time or

such other applicably generally accepted accounting principles from time to time, should have its accounts consolidated with those of that person;

“**Trading Day**” means a day when the Hong Kong Stock Exchange or, as the case may be, an Alternative Stock Exchange is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have existed when ascertaining any period of dealing days;

“**Transfer Form**” means a form of transfer to be delivered to the Company to transfer any Bonds;

- 1.2. Headings used in this Instrument are for ease of reference only and shall be ignored in interpreting this Instrument.
- 1.3. References to Clauses and Schedules are references to Clauses of, and Schedules to, this Instrument.
- 1.4. Words and expressions in the singular include the plural and vice versa and words and expressions importing one gender include every gender.
- 1.5. Reference to “Person” or any other person includes its successors in title, permitted assigns and permitted transferees.
- 1.6. References to a contract or document is to that contract or document as amended, novated, supplemented, restated or replaced from time to time.
- 1.7. References to times of the day are, unless otherwise specified, to Hong Kong time.
- 1.8. References to any ordinance, statute, legislation or enactment shall be construed as a reference to such ordinance, statute, legislation or enactment as may be extended, applied, amended or reenacted from time to time and for the time being in force.
- 1.9. References in this Instrument to principal, premium and other payments payable by the Company shall be deemed also to refer to any additional amounts which may be payable under Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to this Instrument.
- 1.10. Terms defined in the Conditions shall, unless otherwise defined herein, have the same meaning when used in the main body of this Instrument.
- 1.11. The Conditions shall be binding on the Company and the Bondholders. The provisions contained in the Conditions shall have the effect in the same manner as if herein set forth.

2. AMOUNT AND ISSUE OF BONDS

- 2.1 The Company hereby creates and constitutes the Bonds, in the denomination of HK\$100,000 each and integral multiples of HK\$100,000 in excess thereof (the “**Authorised Denomination**”) in aggregate principal amount of HK\$74,100,000, on terms and conditions set out in this Instrument.

2.2 The Company will on any date when the Bonds or any of them become due to be redeemed, and upon surrender of the relevant Bond Certificate in accordance with the Conditions, and on any date on which any amounts in respect of the Bonds become due under the Conditions, unconditionally pay to or to the order of each Bondholder by transfer to the registered account of the respective Bondholder, or by a cheque drawn on a bank in Hong Kong and mailed to the registered address of the Bondholder if such Bondholder does not have a registered account, the amount of principal of, and premium (if any) on, the Bonds becoming due for redemption on that date or such amounts due to such Bondholder (as the case may be) and will (subject to the Conditions) until such payment (both before and after judgment) is duly made, unconditionally so pay to or to the order of such Bondholder interest in Hong Kong Dollar at the rate and on the dates set out in the Conditions together in any such case with such other amounts as shall be payable in respect of the Bonds all as set out in the Conditions.

3. FORM AND ISSUE OF THE BONDS

On the issue of the Bonds, a Bond Certificate will be issued to each Bondholder in respect of the aggregate principal amount of the Bonds held by such Bondholder and the Company shall make entries of the Bonds on the Register of Bondholders as appropriate. The Bonds evidenced by the Bond Certificate shall be subject to the Conditions endorsed on its back.

4. STAMP DUTIES

The Company will bear and pay any stamp, issue, registration, documentary or other similar duties and taxes on or in connection with the issue and delivery of the Bonds, the execution and delivery of this Instrument and the deposit of Bond Certificates for the conversion of the Bonds and the issue and delivery of Shares following such deposit. The Company will also indemnify the Bondholders from and against all stamp, issue, registration, documentary or other taxes and duties paid by it in any jurisdiction in connection with any action taken by or on behalf of the Bondholders to enforce the obligations of the Company under this Instrument or the Bonds.

5. COVENANTS

The Company hereby covenants and undertakes to the Bondholders that it will comply with and perform and observe all the obligations on its part contained in this Instrument and Schedule 1 (as from time to time modified in accordance with the provisions contained herein), the Bond Certificates and any deed poll or other document executed in accordance with the provisions hereof (as from time to time modified as aforesaid) and expressed to be supplemental hereto and (without prejudice to the generality of the foregoing) to comply with and procure compliance with each of the Bonds in accordance with the Conditions. The Bonds shall be held subject to the provisions contained in this Instrument and Schedule 1 (as from time to time modified in accordance with the provisions contained herein), the Bond Certificates and any deed poll or other document executed in accordance with the provisions hereof (as from time to time modified as aforesaid) and expressed to be supplemental hereto, all of which shall be binding upon the Company and shall also be binding upon the Bondholders and all persons claiming through or under them

respectively. The provisions contained in Schedule 1 hereto shall have full effect in the like manner as if the same had been incorporated herein.

6. CURRENCY INDEMNITY

- 6.1 Hong Kong Dollar (the “**Contractual Currency**”) is the sole currency of account and payment for all sums payable by the Company under or in connection with the Bonds, including damages.
- 6.2 An amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Company or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Company will only discharge the Company to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to be so).
- 6.3 If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under the Bonds, the Company will indemnify the recipient against any loss sustained by it as a result. In any event, the Company will indemnify the recipient against the cost of making any such purchase.
- 6.4 The indemnity in this Clause 6 constitutes a separate and independent obligation from the other obligations under the Bonds, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any Bondholder and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Bonds or any other judgment or order.

7. COMMUNICATIONS

- 7.1 Any communications to the Company shall be by letter sent by registered post or courier or by fax:

Address: 21st Floor, 1 Duddell Street, Central, Hong Kong

Fax No: +852 3728 8740

For the attention of: The Board of Directors

The Company may change its contact details by giving five (5) Business Days’ notice to the Bondholders.

- 7.2 Communications will take effect, in the case of a letter sent by registered post, on the date of actual receipt; in case of a letter sent by courier, at the time of delivery; in the case of fax, at the time of dispatch if the correct error-free transmission report is received.

8. GOVERNING LAW

- 8.1 This Instrument is governed by the laws of Hong Kong.

8.2 For the benefit of the Bondholders, the Company agrees that the courts of Hong Kong have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Instrument and accordingly submit to the exclusive jurisdiction of the courts of Hong Kong.

SCHEDULE 1

FORM OF BOND CERTIFICATE

On the front:

Amount: HK\$[●]

Certificate No.: [●]

SINO GOLF(HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

HK\$74,100,000 Convertible Bonds due 2021 (the “Bonds”)

The Bond or Bonds in respect of which this Certificate is issued, the identifying numbers of which are noted above, are issued in registered form and form part of a series designated as above of **SINO GOLF HOLDINGS LIMITED** (the “**Company**”) and are constituted by the Bond Instrument referred to on the reverse hereof. The Bonds are subject to, and have the benefit of, that Bond Instrument and the terms and conditions (the “**Conditions**”) set out on the reverse hereof.

The Company hereby certifies that

Wealth Sailor Limited of Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town,
Tortola, British Virgin Islands

is, at the date hereof, entered in the Company’s Register of Bondholders as the holder of the Bonds in the principal amount of HK\$ [●] (Hong Kong Dollar [●] Only). For value received, the Company by such entry promises to pay the person who appears at the relevant time on the Register of Bondholders as holder of the Bonds in respect of which this Certificate is issued such amount or amounts as shall become due in respect of such Bonds in accordance with the Conditions and each of the Company and the Bondholder mentioned above agree to comply with the Bond Instrument and the Conditions.

The Bonds in respect of which this Certificate is issued are convertible into ordinary shares with a par value of HK\$0.01 each of the Company in accordance with and subject to the Conditions and the Bond Instrument.

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

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

IN WITNESS whereof the Company has executed and delivered this Certificate as a deed on [●] 2016.

SEALED with the **COMMON SEAL** of)
SINO GOLF HOLDINGS LIMITED)
and **SIGNED** by)
)
in the presence of:)

On the back:

TERMS AND CONDITIONS OF THE BONDS

The issue of the HK\$74,100,000 aggregate principal amount of the Bonds (the “**Bonds**”) of Sino Golf Holdings Limited (the “**Company**”) was authorized by a resolution of the board of directors of the Company passed on [●] 2016. The Company has executed a bond instrument by way of deed poll (the “**Bond Instrument**”) constituting the Bonds. Unless otherwise defined, terms used in these terms and conditions of the Bonds (these “**Conditions**”) have the meanings specified in the Bond Instrument. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Bond Instrument which include the form of the Bonds. Copy of the Bond Instrument is available for inspection during normal office hours at the Designated Office. The Bondholders are entitled to the benefit of the Bond Instrument and are bound by, and are deemed to have notice of, all the provisions of the Bond Instrument applicable to them.

1. STATUS

The Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws, at all times rank at least equally with all of the Company’s other present and future unsecured and unsubordinated obligations.

2. FORM, DENOMINATION AND TITLE

2.1 Form and Denomination. The Bonds are issued in registered form in the denomination of HK\$100,000 each and integral multiples of HK\$100,000 in excess thereof (the “**Authorised Denomination**”). A bond certificate (each a “**Bond Certificate**”) will be issued to each Bondholder in respect of its entire registered holding of Bonds. Each Bond Certificate will be numbered serially with an identifying number which will be recorded on the relevant Bond Certificate and in the Register of Bondholders which the Company will keep.

2.2 Title. Title to the Bonds passes only by transfer and registration in the Register of Bondholders as described in Condition 3. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Bond Certificate issued in respect of it) and no person will be liable for so treating the holder.

3. TRANSFER OF BONDS; ISSUE OF BOND CERTIFICATES

3.1 Register of Bondholders. The Company will cause to be kept at its registered office in Bermuda a register on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds (the “**Register of Bondholders**”). Each Bondholder shall be entitled to receive only one Bond Certificate in respect of its entire holding of Bonds. The Bondholders

and any person authorized in writing by the Bondholders shall be at liberty, during normal office hours and free of charge, to inspect and take copies of the Register of Bondholders. The Company shall promptly notify the Bondholders of any change in the Designated Office in accordance with Condition 14.

3.2 Transfers. A Bond may be transferred at any time by delivery of the Bond Certificate issued in respect of that Bond, with the Transfer Form duly completed and signed under hand by the relevant registered Bondholder or his attorney duly authorised in writing, to the Company at the Designated Office, provided, however, that (a) where not all of the Bonds then held by the holder are being transferred, the aggregate principal amount of the Bonds so transferred shall be at least HK\$100,000 and an Authorised Denomination, and (b) if the transfer is not to a bank, financial institution or other financiers for financing purpose of the Bondholder, the prior consent of the Company shall have been obtained (such consent not to be unreasonably withheld or delayed and shall be deemed to have been given unless the Company has expressly refused such consent within five (5) Business Days of the Bondholder's request). The Bondholder shall notify the Company as soon as practicable after effecting such transfer. No transfer of a Bond will be valid unless and until entered on the Register of Bondholders.

3.3 Delivery of New Bond Certificates.

(a) Each new Bond Certificate to be issued upon a transfer, exchange or conversion of Bonds shall, within three (3) Business Days of receipt by the Company of the Bond Certificate evidencing the Bonds which are the subject of the transfer, exchange or conversion, be made available for collection at the Designated Office or, if so requested in writing to the Company or otherwise as set out in the Transfer Form or the Conversion Notice, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Company's expense) to the address specified in writing to the Company or in the relevant Transfer Form or Conversion Notice.

(b) Where only part of the principal amount of the Bonds in respect of which a Bond Certificate is issued is to be redeemed or converted, a new Bond Certificate in respect of the Bonds not so redeemed or converted will, within three (3) Business Days of delivery of the original Bond Certificate to the Company, be made available for collection at the Designated Office or, if so requested in writing to the Company, be mailed by uninsured mail at the risk of the holder entitled to the Bonds not so redeemed or converted (but free of charge to the holder and at the Company's expense) to the address of such holder appearing on the Register of Bondholders.

(c) The Company shall promptly update and make entries into the Register of Bondholders to reflect any transfer, redemption or conversion of any Bond made pursuant to these Conditions and shall provide copies of such updated Register of Bondholders upon written request by the Bondholders.

3.4 Formalities Free of Charge. Registration of a transfer of Bonds and the issuance of new Bond Certificates will be effected without charge by or on behalf of the

Company, but only upon payment by the relevant holder in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

4. NO INTEREST

4.1 The Bonds will not bear any interest, save for any default interest payable pursuant to Condition 7.5.

5. CONVERSION

5.1 Optional Conversion.

- (a) Subject as hereinafter provided, any Bondholder shall have the right to convert all or part of the Bonds held by it (if in part, the principal amount of Bonds to be converted shall be in the minimum amount of HK\$100,000 and integral multiples of HK\$100,000 or the whole outstanding principal amount of the Bonds) into Shares credited as fully paid at any time during the Conversion Period referred to below. The right of a Bondholder to convert any Bond into Shares is called the “**Conversion Right**”.
- (b) A Bondholder may not convert such part of the Bonds held by it into Shares to the extent that the conversion would result in the Company breaching the minimum public float requirement under Rule 8.08 of the Listing Rules and such breach is not curable at the time of the conversion.
- (c) Subject to and upon compliance with the provisions of these Conditions, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on or after the Issue Date up to the close of business at the Designated Office on the Maturity Date (but, except as provided in Condition 5.2(c) and Condition 10, in no event thereafter) or, if notice requiring redemption has been given by the holder of such Bond in Condition 8, then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice (the “**Conversion Period**”).

5.2 General.

- (a) The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted by the Conversion Price in effect on the Conversion Date, and in the case of any conversion of the Bonds in part, such number of Shares to be issued shall be rounded up to the nearest board lot and in the case where the outstanding Bonds are converted in full, be rounded down to the nearest board lot. In the event that the number of Shares to be issued shall be rounded down to the nearest board lot, the principal amount of Bond converted hereunder shall be deemed to be the amount which, after such conversion, would result in the number of Shares rounded down to the nearest board lot and the Company shall pay to the relevant Bondholder in cash of such principal amount of Bonds deemed not so converted in accordance with Condition 7 and at the same time when the certificate(s) to be issued upon an exercise of a Conversion Right is made available for collection in accordance with

Condition 5.3(d). A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of aggregate principal amount of the Bonds to be converted.

- (b) Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that the Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after the Issue Date which reduces the number of Shares outstanding, the Company will upon conversion of Bonds pay to each Bondholder a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Bond Certificate deposited by such Bondholder in connection with the exercise of Conversion Rights, aggregated as provided in Condition 5.2(a), as corresponds to any fraction of a Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds HK\$100. Any such sum shall be due and payable on the date the Shares are delivered pursuant to Condition 5.3(d).
- (c) Notwithstanding the provisions of Condition 5.1, if: (i) the Company shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof; (ii) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events referred to in Condition 10; or (iii) any Bond is not redeemed on the Maturity Date in accordance with Condition 8.1 or the applicable date for redemption in accordance with Condition 8.2, the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business at the Designated Office on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the relevant Bondholder and, notwithstanding the provisions of Condition 5.1, any Bond in respect of which the Bond Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the relevant Bondholder before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

5.3 Conversion Procedure.

- (a) To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense on any Business Day falling at least one Business Day prior to the Conversion Date at the Designated Office a Conversion Notice together with the relevant Bond Certificate, or if notice requiring redemption has been given by the holder of

such Bond pursuant to Condition 8.2, then up to the close of business at the Designated Office on the day prior to the giving of such notice.

- (b) The conversion date in respect of a Bond (the “**Conversion Date**”) must fall at a time when the Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 5.2(c) and Condition 10) and will be deemed to be the Stock Exchange Business Day immediately following the date of the surrender of the Bond Certificate in respect of such Bond and, if applicable, the delivery of such Conversion Notice and any payment to be made under these Conditions in connection with the exercise of such Conversion Right.
- (c) The Company shall pay any stamp, issue, registration, documental or other taxes and duties, including interest and penalties in Bermuda, Hong Kong, the PRC and all other relevant jurisdictions payable on or in connection with the authorization and issue of the Bonds or the issue of the Conversion Shares and any value added, turnover or similar tax payable in respect thereof (and references in these Conditions to such amount shall be deemed to include any such taxes so payable in addition to it).
- (d) As soon as practicable, and in any event not later than seven (7) Stock Exchange Business Days after the Conversion Date, the Company will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which the relevant Bond Certificate has been delivered, register the person or persons designated for the purpose in the Conversion Notice or otherwise notified by any Bondholder in writing as holder(s) of the relevant number of Shares in the Company’s share register in Hong Kong and will, if the Bondholder has also requested in the Conversion Notice and to the extent permitted under applicable law and the rules and procedures of CCASS effective from time to time, take all necessary action to procure the Shares are delivered through CCASS for so long as the Shares are listed on the Hong Kong Stock Exchange; or will make such certificate or certificates available for collection at the Designated Office, or if so requested by such Bondholder in writing, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by uninsured ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place as notified by such Bondholder in writing, together with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof.

If the Conversion Date in relation to any Bond shall be after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Conversion Price pursuant to Condition 4.5 (if so elected by the Company) or Condition 5.4, but before the relevant adjustment becomes effective under the relevant provision, upon the relevant adjustment becoming effective the Company shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws and regulations)), such additional number of Shares as, together with the Shares issued or to be issued

on conversion of the relevant Bond, is equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective immediately after the relevant record date (as calculated by the Company in accordance with these Conditions).

The person or persons designated in the Conversion Notice or otherwise notified by the Bondholder(s) to the Company in writing will become the holder(s) of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the Company's register of members (the "**Registration Date**"). The Shares issued upon conversion of the Bonds will in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on conversion of Bonds shall not be entitled to any rights the record date for which precedes the relevant Registration Date.

If the record date for the payment of any dividend or other distribution in respect of the Shares is on or after the Conversion Date in respect of any Bond, but before the Registration Date (disregarding any retroactive adjustment of the Conversion Price referred to in this Condition 5.3(d) prior to the time such retroactive adjustment shall have become effective), the Company will pay to the converting Bondholder or his designee an amount (the "**Equivalent Amount**") equal to the Fair Market Value of any such dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid by means of a HK Dollar cheque drawn on a bank in Hong Kong and sent to the address specified in the relevant Conversion Notice or as notified by the relevant Bondholder to the Company from time to time.

5.4 Adjustments to Conversion Price.

The Conversion Price will be subject to adjustment in the following events:

- (a) *Consolidation, Subdivision or Reclassification*: If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

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

Where:

A is the nominal amount of one (1) Share immediately after such alteration;
and

B is the nominal amount of one (1) Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

(b) *Capitalisation of Profits or Reserves:*

- (i) If and whenever the Company shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves including Shares paid up out of distributable profits or reserves and/or share premium account issued, save where Shares are issued in lieu of the whole or any part of a specifically declared cash dividend (the “**Relevant Cash Dividend**”), being a dividend which the Shareholders concerned would or could otherwise have received (a “**Scrip Dividend**”) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

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

Where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (ii) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price of such Shares exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

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

Where:

A is the aggregate nominal amount of the issued Shares immediately before such issue;

B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the

numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is the Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and

C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

(c) *Capital Distributions:* If and whenever the Company shall pay or make any Capital Distribution to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 5.4(b) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

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

Where:

A is the Current Market Price of one (1) Share on the last Stock Exchange Trading Day preceding the date on which the Capital Distribution is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one (1) Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or, if later, the first date upon which the Fair Market Value of the Capital Distribution is capable of being determined as provided in these Conditions.

(d) *Rights Issues of Shares or Options over Shares:* If and whenever the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, of options, warrants or other rights to subscribe for or purchase any Shares, in each case at a price per Share (herein referred to in this paragraph (d) as the “issue price”) which is less than the higher of (i) 80 per cent. of the Current Market Price on the date of the announcement of the terms of the issue or grant and (ii) the Conversion Price then in effect on the date of the announcement of the terms of the issue or grant, the Conversion Price shall be adjusted to an amount equal to the lower of (I) the Conversion Price in force immediately before such issue or grant multiplied by the following fraction:

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

Where:

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

and (II) the issue price.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

- (e) *Rights Issues of Other Securities:* If and whenever the Company shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

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

Where:

- A is the Current Market Price on the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one (1) Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

- (f) *Issues at less than Current Market Price:* If and whenever the Company shall issue (otherwise than as mentioned in Condition 5.4(d) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the

exercise of any other rights of conversion into, or exchange or subscription for, Shares) or issue or grant (otherwise than as mentioned in Condition 5.4(d) above) options, warrants or other rights to subscribe for, or purchase or otherwise acquire any Shares, in each case at a price per Share (herein referred to in this paragraph (f) as the “issue price”) which is less than the higher of (i) 80 per cent. of the Current Market Price on the date of the announcement of the terms of such issue and (ii) the Conversion Price then in effect on the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted to an amount equal to the lower of (I) the Conversion Price in force immediately before such issue multiplied by the following fraction:

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

Where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe, purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration receivable for the issue or such additional Shares would purchase at such Current Market Price; and
- C is the number of Shares in issue immediately after the issue of such additional Shares,

and (II) the issue price.

References to additional Shares in the above formula shall, in the case of an issue by the Company of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued, assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the grant of such options, warrants or other rights.

- (g) *Other Issues at less than Current Market Price:* 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 this Condition 5.4(g), the issue wholly for cash by the Company in Condition 5.4(d), 5.4(e) or 5.4(f) of any securities (other than the Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share (herein referred to in this paragraph (g) as the “issue price”) which is less than the higher of (i) 80 per cent. of the Current Market Price on the date of the announcement of the terms of the issue of such securities and (ii) the

Conversion Price in effect on the date of the announcement of the terms of the issue of such securities, the Conversion Price shall be adjusted to an amount equal to the lower of (I) the Conversion Price in force immediately before such issue or grant multiplied by the following fraction:

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

Where:

- A is the number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate,

and (II) the issue price.

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

- (h) *Modification of Rights of Conversion etc.:* If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 5.4(g) above (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than the higher of (i) 80 per cent. of the Current Market Price on the date of announcement of the proposals for such modification and (ii) the Conversion Price in effect on the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

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

Where:

- A is the Current Market Price of a Share on the date on which such modification is announced; and
- B is the difference between the Fair Market Value of the modification on a per Share basis on the date of such announcement and the consideration received for the modification on a per Share basis of such modification.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (i) *Other Events*: If the Company or any Bondholder determines that a downward adjustment should be made to the Conversion Price as a result of one (1) or more events or circumstances not referred to in this Condition 5.4, the Company or such Bondholder shall, at the costs and expenses of the Company, consult the Expert to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, and the date on which such adjustment should take effect and upon such determination by the Expert such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the events or circumstances giving rise to any adjustment pursuant to this Condition 5.4 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 5.4 as may be advised by the Expert to be in their opinion appropriate to give the intended result.
- 5.5 All costs, charges, liabilities and expenses incurred in connection with the appointment, retention, consultation and remuneration of the Expert appointed under these Conditions shall be borne by the Company.
- 5.6 On any adjustment, the relevant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest one Hong Kong cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down, if applicable) would be less than one (1) per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to the Bondholders (in accordance with Condition 14) as soon as practicable after the determination thereof.
- 5.7 The Conversion Price may not be reduced so that, on conversion of Bonds, Shares would fall to be issued at a discount to their par value or would require Shares to be issued in any other circumstances not permitted by applicable law.
- 5.8 Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Expert, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by the Expert, to be in its opinion appropriate in order to give such intended result.
- 5.9 No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 5.4(a) above or to correct an error.

6. UNDERTAKINGS

6.1 The Company hereby undertakes and warrants that for so long as any Bond remains outstanding, save with the prior written consent of the Bondholders, it shall (and, where applicable, shall procure that its Subsidiaries shall):

- (a) use its best endeavours: (i) to maintain a listing for all the issued Shares on the Hong Kong Stock Exchange; (ii) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Hong Kong Stock Exchange; and (iii) if the Company is unable to maintain or obtain such listing, to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights on an Alternative Stock Exchange as the Company with the approval by the Bondholders may from time to time determine and will forthwith give notice to the Bondholders (in accordance with Condition 14) of the listing or delisting of the Shares (as a class) by any of such stock exchanges; and (iv) to ensure that the minimum public float requirement (as stipulated under the Listing Rules or, as the case may be, rules or regulations of the Alternative Stock Exchange) of the issued share capital of the Company is satisfied at all times;
- (b) pay the expenses of the issue of, and all expenses of obtaining and maintaining the listing for, Shares arising on conversion of the Bonds;
- (c) not in any way modify the rights attaching to the Shares with respect to voting, dividends or liquidation nor issue any other class of ordinary share capital carrying any rights which are more favourable than the rights attaching to the Shares;
- (d) reserve, free from any pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital, the full number of Shares liable to be issued on conversion of the Bonds from time to time remain outstanding and will ensure that all Shares delivered on conversion of the Bonds will be duly and validly issued as fully-paid;
- (e) not issue or pay up any securities, by way of capitalization of profits or reserves unless, in any such case, it gives rise to an adjustment of the Conversion Price;
- (f) if an offer is made to all Shareholders (or all Shareholders other than the offeror and/or any offeror controlled by the Company and/or persons acting in concert with the offeror) to acquire all or a proportion of the Shares, forthwith give notice of such offer to the Bondholders;
- (g) not issue any Shares or issue or grant any options, warrants or other rights (other than pursuant to a rights issue or an open offer of the Company on a pro rata basis to all Shareholders) to subscribe for or purchase or otherwise acquire any Shares, without offering a first right to the Bondholders to subscribe or acquire such Bondholder's Pro Rata Share of such issuance or grant at the same price and otherwise on the same terms as the Company makes the relevant offer, issue or grant. The Company shall, not less than 30 days before

a proposed issuance hereunder, deliver to each Bondholder in accordance with Condition 14 (which notice shall be irrevocable) notice of the proposed offer, issuance or grant setting forth (i) the number, type and description of Shares, options, warrants or other rights to be offered, issued or granted and (ii) the price and all other material terms of such offer, issue or grant (the “**New Issuance Notice**”). “Pro Rata Share” shall mean, in relation to a Bondholder, the proportion that the number of Shares held by it assuming that it has exercised its Conversion Rights to convert all the Bonds held by it into Shares at the then prevailing Conversion Price on the date of such offer bears to the aggregate number of Shares held by all Shareholders on a fully converted basis. For the avoidance of doubt, the Bondholders shall be deemed and regarded to have waived its first right to subscribe or acquire Shares foregoing mentioned if the Company fails to receive any written reply confirmation from the Bondholders regarding its exercise of such rights within five Business Days after the receipt of the New Issuance Notice by the Bondholders.

- 6.2 The Company shall give notice to the Hong Kong Stock Exchange (or, as the case may be, the Alternative Stock Exchange) and the Bondholders in accordance with Condition 14 of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

7. PAYMENTS

7.1 Principal; Premium.

- (a) Payment of principal, premium and all other amounts payable under the Bonds shall be made by transfer to the registered accounts of the Bondholders or by cheques drawn on a bank in Hong Kong mailed to the registered addresses of the respective Bondholders if such Bondholders do not have a registered account. Payment of principal and premium will only be made after surrender of the relevant Bond Certificate at the Designated Office.
- (b) In the event that any Bondholder is converting all and not part of the Bonds under Condition 5.1, the Company shall, on the Registration Date and in accordance with Condition 7, pay all amounts outstanding under the Bonds.
- (c) When making payments to Bondholders, fractions of one Hong Kong cent will be rounded down to the nearest Hong Kong cent.

- 7.2 Registered Accounts. For the purposes of this Condition 7, a Bondholder’s registered account means the Hong Kong Dollar account maintained by or on behalf of it with a bank in Hong Kong (or such other Hong Kong Dollar account as such Bondholder may notify to the Company from time to time), details of which appear on the Register of Bondholders at the close of business on the second Business Day before the due date for payment, and a Bondholder’s registered address means its address appearing on the Register of Bondholders at that time.

- 7.3 Fiscal Laws. All payments are subject in all cases to any applicable laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9. No commissions or expenses shall be charged to the Bondholders in respect of such payments.
- 7.4 Payment Initiation. Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a Business Day, for value on the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque (for value on the due date) will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) on the date prior to the due date for payment (or, if it is not a Business Day, the immediately following Business Day) or, in the case of a payment of principal, if later, on the Business Day on which the relevant Bond Certificate is surrendered at the Designated Office.
- 7.5 Default Interest and Delay in Payment.
- (a) If the Company fails to pay any sum when the same becomes due and payable under these Conditions, interest shall accrue on the overdue sum at the Default Rate from the due date and ending on the date on which full payment is made to the relevant Bondholder in accordance with the Conditions. Such default interest shall accrue on the basis of the actual number of days elapsed and a 365-day year.
 - (b) Any Bondholder will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if such delay is caused solely because the due date is not a Business Day, if such Bondholder is late in surrendering its Bond Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.
 - (c) If an amount which is due on the Bonds is not paid in full, the Company will annotate the Register of Bondholders with a record of the amount (if any) in fact paid.

8. REDEMPTION AND CANCELLATION

- 8.1 Maturity. Unless previously redeemed, converted or purchased and cancelled as provided herein, the Company will redeem each Bond at its principal amount on the Maturity Date.
- 8.2 Redemption for Relevant Event.
- (a) Following the occurrence of a Relevant Event, any Bondholder will have the right at its option, to require the Company to redeem such Bondholder's Bonds in whole or part only (if in part, the principal amount of Bonds to be redeemed shall be in integral multiples of HK\$100,000) of such holder's Bonds on the Relevant Event Redemption Date at its principal amount. To exercise such right, the Bondholder must deposit at the Designated Office a duly completed and signed Relevant Event Redemption Notice together with the Bond Certificate evidencing the Bonds to be redeemed. The "**Relevant**

Event Redemption Date” shall be the date falling three (3) months from the date of the Relevant Event Redemption Notice.

- (b) A Relevant Event Redemption Notice, once delivered, shall be irrevocable and the Company shall redeem the Bonds which form the subject of the Relevant Event Redemption Notice delivered as aforesaid on the Relevant Event Redemption Date.
- (c) The Company shall give notice to the Bondholders in accordance with Condition 14 within three (3) days after becoming aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 8.2 and shall give brief details of the Relevant Event.

8.3 Cancellation. All Bonds which are purchased, redeemed or converted by the Company or any of its Subsidiaries, will forthwith be cancelled and such Bonds may not be reissued or resold.

8.4 Redemption Notices and Multiple Notices. If more than one notice of redemption is given, the first in time shall prevail.

9. SET-OFF AND TAXES

9.1 All payments made by the Company under the Bonds shall be made in full without set-off or counterclaim whatsoever.

9.2 All payments, whether of principal, premium or otherwise made by the Company under or in respect of the Bonds will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Bermuda, Hong Kong, the PRC, or the jurisdiction of the Alternative Stock Exchange or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Company will pay such additional amounts as will result in the receipt by the Bondholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required and the Company shall indemnify the Bondholders against any losses or costs incurred by the Bondholders by reason of any failure of the Company to make any such deduction or withholding or by reason of any increased payment not being made on the due date for such payment. The Company shall promptly deliver to the Bondholders any receipts, certificates or other proof evidencing the amounts (if any) paid or payable in respect of any deduction or withholding as aforesaid.

10. EVENTS OF DEFAULT

10.1 Each of the events or circumstances set out in the following paragraphs in this Condition 10.1 is an Event of Default:

- (a) a default is made by the Company in the payment of any principal, premium or any other amount due in respect of the Bonds on its due date of payment

(except where failure to pay is caused solely by administrative or technical error and payment is made within three (3) Business Days of its due date);

- (b) failure by the Company to deliver any Shares as and when such Shares are required to be delivered following conversion of a Bond and such failure continues for a period of seven (7) Business Days;
- (c) the occurrence of any event or circumstance which would result in a Material Adverse Effect;
- (d) the Company fails to perform or comply with one or more of its other obligations in the Bonds (other than those referred to in Conditions 10.1(a) to 10.1(c)), which default is incapable of remedy or, if capable of remedy, is not remedied within 7 days after written notice of such default shall have been given to the Company by a Bondholder;
- (e) the Company is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend, payment of all or a substantial part of (or of a particular type of) its debts as they fall due, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of a substantial part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of such debts or a moratorium is agreed or declared in respect of or affecting all or a substantial part of (or of a particular type of) the debts of the Company; an administrator or liquidator of the Company, or the whole or any part of the assets and revenue of the Company is appointed and such appointment is not discharged or stayed within 60 days;
- (f) any Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend, payment of all or a substantial part of (or of a particular type of) its debts as they fall due, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of a substantial part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of such debts or a moratorium is agreed or declared in respect of or affecting all or a substantial part of (or of a particular type of) the debts of any Subsidiary; an administrator or liquidator of any Subsidiary or the whole or any part of the assets and revenue of any Subsidiary is appointed and such appointment is not discharged or stayed within 60 days (other than in respect of a solvent liquidation);
- (g) any judgment or order for the payment of money in excess of HK\$1,000,000 or the equivalent thereof (for each judgment or order) or HK\$10,000,000 or the equivalent thereof in the aggregate (for all such judgments or orders) shall be rendered against the Company and/or any Subsidiary and is not discharged for a period of 30 days following such judgment (or such longer period as the

Company and the Bondholders may agree) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

- (h) any judgment or order for the payment of money in excess of HK\$10,000,000 or the equivalent thereof (for each judgment or order) or HK\$20,000,000 or the equivalent thereof in the aggregate (for all such judgments or orders) shall be rendered against the Company and/or any Subsidiary;
- (i) any other present or future indebtedness of the Company or any of its Subsidiaries for or in respect of monies borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described); or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period; or (iii) the Company or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the relevant events mentioned above in this Condition 10.1(i) have occurred equals or exceeds HK\$100,000,000 or its equivalent (as determined on the basis of the middle spot rate for the relevant currency against the Hong Kong dollar as quoted by any leading bank on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity);
- (j) a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Company or any of its Subsidiaries, and is not discharged or stayed within 60 days;
- (k) an order is made or an effective resolution passed for the liquidation, winding up, dissolution, judicial management or administration of the Company or any of its Subsidiaries or the Company or any of its Subsidiary ceases or threatens to cease to carry on all or a material part of its business;
- (l) an encumbrancer takes possession or an administrative or other receiver or an administrator or other similar officer is appointed of the whole or any material part of the property, assets or revenues of the Company or any of its Subsidiaries (as the case may be), and is not discharged within 60 days;
- (m) it is or will become unlawful for the Company to perform or comply with anyone or more of its obligations under the Bonds;
- (n) any step is taken by any person that could reasonably be expected to result in the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Company or any of its Subsidiaries;
- (o) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in

order: (i) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds; (ii) to ensure that these obligations are legally binding and enforceable; and (iii) to make the Bonds admissible in evidence in the courts of Bermuda or Hong Kong is not taken, fulfilled or done; or

(p) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs of this Condition 10.1.

10.2 In each case without prejudice to the rights of any Bondholder to exercise the Conversion Right in respect of the Bonds in accordance with Condition 5, on and at any time after the occurrence of an Event of Default, any Bondholder may, by notice in writing to the Company, declare that the Bonds are, and they shall immediately become due and payable at the Early Redemption Amount as at such date (without prejudice to the right of any Bondholder to exercise the Conversion Right in respect of the Bonds).

10.3 “**Early Redemption Amount**” of a Bond means such amount as determined in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{outstanding principal amount of such Bond} \times (1.10)^N$$

Where:

N = a fraction the numerator of which is the number of calendar days between the Issue Date and the date of redemption of such amount and the denominator of which is 365.

11. MODIFICATION AND WAIVER

11.1 The provisions of these Conditions and the rights of the Bondholders may from time to time be modified, abrogated or compromised as agreed by the Bondholders.

11.2 Any modification to the terms of the Bonds shall be effected by way of deed poll executed by the Company. A copy of such deed poll will be sent by the Company to the Bondholders in accordance with Condition 14 as soon as practicable thereafter.

11.3 No failure to exercise, nor any delay in exercising, on the part of any Bondholder, any right or remedy under these Conditions shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies herein are cumulative and not exclusive or any rights or remedies provided by law.

12. REPLACEMENT OF BOND CERTIFICATES

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

13. CURRENCY INDEMNITY

- 13.1 Hong Kong Dollar (the “**Contractual Currency**”) is the sole currency of account and payment for all sums payable by the Company under or in connection with the Bonds, including damages.
- 13.2 An amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Company or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Company will only discharge the Company to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to be so).
- 13.3 If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under the Bonds, the Company will indemnify the recipient against any loss sustained by it as a result. In any event, the Company will indemnify the recipient against the cost of making any such purchase.
- 13.4 The indemnity in this Condition 13 constitutes a separate and independent obligation from the other obligations under the Bonds, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any Bondholder and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Bonds or any other judgment or order.

14. NOTICES

All notices to the Bondholders shall be validly given if mailed by registered post to them at the addresses specified in the Register of Bondholders. Any such notice shall be deemed to have been given on the date of actual receipt by the relevant Bondholder.

15. GOVERNING LAW AND JURISDICTION

- 15.1 This Bonds and the Instrument, as to which time shall be of the essence, are governed by and shall be construed in accordance with the laws of Hong Kong.
- 15.2 For the benefit of the Bondholders, the Company agrees that the courts of Hong Kong have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Instrument or any Bond and accordingly submit to the exclusive jurisdiction of the courts of Hong Kong.

SCHEDULE 1

Particulars of the Company

1. Listing Date : 20 December 2000
2. Place of incorporation : Bermuda
3. Stock Code : 361
4. Address of registered office : Clarendon House
2 Church Street
Hamilton HM11
Bermuda
5. Head office and principal place of business in Hong Kong : 21st Floor
1 Duddell Street
Central
Hong Kong
6. Directors

Executive Directors Mr. WONG Hin Shek
Mr. ZHANG Yi
Mr. CHU Chun Man, Augustine

Independent non-executive Directors Ms. CHU Yin Yin, Georgiana,
Mr. YIP Tai Him
Mr. CHAN Kai Wing
7. Secretary : Ms. WONG Po Ling, Pauline
8. Financial year end : 31 December
9. Auditors : SHINEWING (HK) CPA Limited

SCHEDULE 2

Company's Share Capital

Part A – Share Capital Structure as the date of this Agreement

| | |
|--|--|
| Authorised share capital | HK\$100,000,000 divided into 10,000,000,000 Shares |
| Issued and fully-paid up share capital | HK\$23,402,500 divided into 2,340,250,000 Shares |
| The number of Shares which the directors of the Company are authorised to issue pursuant to a general mandate granted to them at the Annual General Meeting on 2 June 2016 | 468,050,000 Shares |

Part B - Share Capital Structure as at Completion

| | |
|--|--|
| Authorised share capital | HK\$100,000,000 divided into 10,000,000,000 Shares |
| Issued and fully-paid up share capital (before the conversion of the Convertible Bonds and the issue of the Conversion Shares) | HK\$52,012,500 divided into 5,201,250,000 Shares |
| Issued and fully-paid up share capital assuming full conversion of the Convertible Bonds | HK\$58,512,500 divided into 5,851,250,000 Shares |

SCHEDULE 3

Particulars of the Subsidiaries

| | | |
|----|--------------------------------|---|
| 1. | Name: | Sino Golf (BVI) Company Limited |
| 2. | Place of Incorporation: | British Virgin Islands |
| 3. | Date of Incorporation: | 14 April 2000 |
| 4. | Registered Number: | 1068421 |
| 5. | Registered Office: | P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI |
| 6. | Directors: | Mr. Chu Chun Man, Augustine Mr. Chu Kwok Yiu, Wilson |
| 7. | Registered Shareholder: | The Company |
| 8. | Authorized Capital: | 50,000 shares of USD1 each |
| 9. | Issued Capital: | 101 shares of USD1 each |

| | | |
|----|--------------------------------|---|
| 1. | Name: | Sino Golf Manufacturing Company Limited 順龍高爾夫球製品有限公司 |
| 2. | Place of Incorporation: | Hong Kong |
| 3. | Date of Incorporation: | 3 September 1985 |
| 4. | Registered Number: | 0157323 |
| 5. | Registered Office: | Room 1906, 19/F, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong |
| 6. | Directors: | Mr. Chu Chun Man, Augustine Mr. Chu Kwok Yiu, Wilson |
| 7. | Registered Shareholder: | Sino Golf (BVI) Company Limited Mr. Chu Chun Man, Augustine (Trust on behalf of Sino Golf (BVI) Company Limited |
| 8. | Authorized Capital: | N/A |
| 9. | Issued Capital: | 2 ordinary shares in total of HK\$6,921,132 3,842,700 non-voting deferred shares in total of HK\$3,842,700 each |

| | | |
|----|--------------------------------|--|
| 1. | Name: | CTB Golf (HK) Limited 駿衡高爾夫球(香港)有限公司 |
| 2. | Place of Incorporation: | Hong Kong |
| 3. | Date of Incorporation: | 1 August 2001 |
| 4. | Registered Number: | 0765056 |
| 5. | Registered Office: | Room 1906, 19/F, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong |
| 6. | Directors: | Mr. Chu Chun Man, Augustine Mr. Chu Kwok Keung |
| 7. | Registered Shareholder: | Sino Golf Manufacturing Company Limited (ordinary shares) TSC Corporation Limited (preference shares) |
| 8. | Authorized Capital: | N/A |
| 9. | Issued Capital: | 10,000,000 ordinary shares in total of HK\$10,000,000 2,730,000 preference shares in total of HK\$2,730,000 |

| | | |
|----|--------------------------------|--|
| 1. | Name: | Sino Golf Comercial Offshore De Macao Limitada |
| 2. | Place of Incorporation: | Macau Special Administrative Region of the PRC |
| 3. | Date of Incorporation: | 6 November 2003 |
| 4. | Registered Number: | DSO/092/2003/214 |
| 5. | Registered Office: | 澳門美麗街21-21A號怡美大廈4B |
| 6. | Directors: | Mr. Lee Wai Keung |
| 7. | Registered Shareholder: | Sino Golf (BVI) Company Limited |
| 8. | Authorized Capital: | 1 quota share of MOP100,000 each |
| 9. | Issued Capital: | 1 quota share of MOP100,000 each |

| | | |
|----|--------------------------------|--|
| 1. | Name: | 增城市順龍高爾夫球製品有限公司 |
| 2. | Place of Incorporation: | PRC |
| 3. | Date of Incorporation: | 19 April 1993 |
| 4. | Registered Number: | 440101400122658 |
| 5. | Registered Office: | 廣州市增城永和鎮上沙陂 |
| 6. | Legal Representative: | Mr. Chu Kwok Yiu |
| 7. | Directors: | Mr. Chu Kwok Yiu Ms. Chu Yuen Ching Mr. Chu Kwok Keung |
| 8. | Registered Shareholder: | 順龍高爾夫球製品有限公司 |
| 9. | Registered Capital: | HK\$121,510,000 |

| | | |
|----|--------------------------------|--|
| 1. | Name: | 東莞騏衡運動用品製造有限公司 |
| 2. | Place of Incorporation: | PRC |
| 3. | Date of Incorporation: | 11 February 2004 |
| 4. | Registered Number: | 441900400106966 |
| 5. | Registered Office: | 東莞市厚街鎮湖景大道旁 |
| 6. | Legal Representative: | Mr. Chu Chun Man, Augustine |
| 7. | Directors: | Mr. Chu Chun Man, Augustine Mr. He Xin Hong Mr. Chu Kwok Keung |
| 8. | Registered Shareholder: | 騏衡高爾夫球(香港)有限公司 |
| 9. | Registered Capital: | HK\$38,000,000 |

| | | |
|----|--------------------------------|--|
| 1. | Name: | 臨沂順億高爾夫球製品有限公司 |
| 2. | Place of Incorporation: | PRC |
| 3. | Date of Incorporation: | 25 June 2004 |
| 4. | Registered Number: | 371300400003664 |
| 5. | Registered Office: | 中國山東省臨沂市郯城經濟開發區郯馬路10號 |
| 6. | Legal Representative: | Mr. Chu Chun Man, Augustine |
| 7. | Directors: | Mr. Chu Chun Man, Augustine Mr. Chu Kwok Yiu, Wilson Mr. Hung Yi Chuan |
| 8. | Registered Shareholder: | 順龍高爾夫球製品有限公司 |
| 9. | Registered Capital: | HK\$136,630,000 |

| | | |
|----|--------------------------------|---|
| 1. | Name: | 臨沂騏衡運動用品製造有限公司 |
| 2. | Place of Incorporation: | PRC |
| 3. | Date of Incorporation: | 6 November 2007 |
| 4. | Registered Number: | 371300400006407 |
| 5. | Registered Office: | 中國山東省鄒城縣李莊鎮朱莊村南 |
| 6. | Legal Representative: | Mr. Chu Chun Man, Augustine |
| 7. | Directors: | Mr. Chu Chun Man, Augustine Mr. Chu Kwok Yiu, Wilson Mr. Chang Hua Jung |
| 8. | Registered Shareholder: | 駿衡高爾夫球(香港)有限公司 CTB Golf (HK) Limited |
| 9. | Registered Capital: | USD5,000,000 |

| | | |
|----|--------------------------------|--|
| 1. | Name: | 順龍精密鑄造有限公司 Sino Precision Manufacturing Co., Ltd. |
| 2. | Place of Incorporation: | Hong Kong |
| 3. | Date of Incorporation: | 21 April 1994 |
| 4. | Registered Number: | 475288 |
| 5. | Registered Office: | Room 1906, 19/F, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong |
| 6. | Directors: | Mr. Chu Chun Man, Augustine Mr. Chu Kwok Yiu, Wilson |
| 7. | Registered Shareholder: | Sino Golf Manufacturing Co., Ltd. 順龍高爾夫球製品有限公司 Mr. Chu Chun Man, Augustine (Trust on behalf of Sino Golf Manufacturing Co., Ltd.) |
| 8. | Authorized Capital: | N/A |
| 9. | Issued Capital: | 10,000,000 ordinary shares in total of HK\$1,000,000 |

| | | |
|----|--------------------------------|--|
| 1. | Name: | Wisdom Loyal Limited |
| 2. | Place of Incorporation: | Hong Kong |
| 3. | Date of Incorporation: | 18 November 2015 |
| 4. | Registered Number: | BR Cert No:65478199, CI No:2309083 |
| 5. | Registered Office: | 21/F, 1 Duddell Street, Central, Hong Kong |
| 6. | Directors: | Mr. Wong Hin Shek |
| 7. | Registered Shareholder: | The Company |
| 8. | Authorized Capital: | N/A |
| 9. | Issued Capital: | 1 ordinary share of HK\$1 each |

| | | |
|----|--------------------------------|--|
| 1. | Name: | Future Success Group Limited |
| 2. | Place of Incorporation: | BVI |
| 3. | Date of Incorporation: | 5 January 2016 |
| 4. | Registered Number: | 1902136 |
| 5. | Registered Office: | OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands |
| 6. | Directors: | Mr. Wong Hin Shek |
| 7. | Registered Shareholder: | The Company |
| 8. | Authorized Capital: | 1 share of USD1 each |
| 9. | Issued Capital: | 1 share of USD1 each |

| | | |
|----|--------------------------------|--|
| 1. | Name: | Lucky Fountain Holdings Limited |
| 2. | Place of Incorporation: | British Virgin Islands |
| 3. | Date of Incorporation: | 19 March 2014 |
| 4. | Registered Number: | 1816533 |
| 5. | Registered Office: | P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands |
| 6. | Directors: | Mr. Ng Kwok Fai |
| 7. | Registered Shareholder: | Future Success Limited |
| 8. | Authorized Capital: | 50,000 shares of USD1 each |
| 9. | Issued Capital: | 1 share of USD1 each |

| | | |
|----|--------------------------------|--|
| 1. | Name: | Billion Link Ventures Limited |
| 2. | Place of Incorporation: | British Virgin Islands |
| 3. | Date of Incorporation: | 8 August 2014 |
| 4. | Registered Number: | 1836365 |
| 5. | Registered Office: | P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands |
| 6. | Directors: | Mr. Wu Chia-Lien |
| 7. | Registered Shareholder: | Lucky Fountain Holdings Limited |
| 8. | Authorized Capital: | 50,000 shares of USD1 each |
| 9. | Issued Capital: | 1 share of USD1 each |

| | | |
|----|--------------------------------|--------------------------------------|
| 1. | Name: | Billion Ventures (CNMI) Limited |
| 2. | Place of Incorporation: | CNMI |
| 3. | Date of Incorporation: | 5 September 2014 |
| 4. | Registered Number: | N/A |
| 5. | Registered Office: | P. O. Box 501969, Saipan, MP 96950 |
| 6. | Directors: | Mr. Wu Chia-Lien |
| 7. | Registered Shareholder: | Billion Link Ventures Limited |
| 8. | Authorized Capital: | 2,000,000 Common Shares of USD1 each |
| 9. | Issued Capital: | 500,000 Common Shares of USD1 each |

SCHEDULE 4

Representations and Warranties

Part A Warranties

The Company and the Guarantors jointly and severally represent, warrant and undertake to the Subscriber that:

1. **The Group, the Subscription Shares, the Convertible Bonds and the Conversion Shares**
 - 1.1 The Company has sufficient power and is authorised to enter into and subject to the fulfillment of the conditions of this Agreement, to perform this Agreement (and any other documents or instrument to be executed pursuant or in contemplation under this Agreement) and this Agreement will, when executed, constitute legal, valid and binding obligations on the Company, enforceable against the Company in accordance with its terms. The execution and performance of this Agreement by the Company shall not violate any provision of law and will not conflict with or result in any breach of any decree, judgment or order applicable to any of them.
 - 1.2 The Subscription Shares and the Conversion Shares shall be allotted and issued in accordance with the bye-laws of the Company and in compliance with all relevant laws of Hong Kong and Bermuda and shall have all the rights of the Shares as defined and set forth in the bye-laws of the Company and shall otherwise rank pari passu in all respects inter se and with all other Shares in the issued share capital of the Company as at the date of issue.
 - 1.3 The Subscription Shares shall be allotted and issued fully paid up, freely transferable and non-assessable, free from any liens, claims, equities, pre-emptive rights, charges, encumbrances or third party rights of whatsoever nature and together with all rights attaching thereto at the date of Completion. The Conversion Shares shall be allotted and issued fully paid up, freely transferable and non-assessable, free from any liens, claims, equities, pre-emptive rights, charges, encumbrances or third party rights of whatsoever nature and together with all rights attaching thereto at the date of issue.
 - 1.4 There are no restrictions on the voting or transfer of any of the Shares or payments of dividends with respect to the Shares pursuant to the Company's memorandum of association and bye-laws, or pursuant to any agreement or other instrument to which the Company is a party or by which it is bound.
 - 1.5 The Company is duly incorporated and legally subsisting in Bermuda and the issued Shares of which are listed on the Main Board of the Stock Exchange.
 - 1.6 The Subscription Shares represents approximately 122.25% of the issued share capital of the Company as at the date of this Agreement. The Subscription Shares shall represent approximately 55.01% of the issued share capital of the Company, as enlarged by such allotment and issue of Subscription Shares but before the conversion

of the Convertible Bonds and the issue of the Conversion Shares.

- 1.7 The Company has, or prior to the Completion Date (as applicable) will have, sufficient authorised share capital to satisfy the issue of the Subscription Shares and such number of Conversion Shares falling to be issued upon conversion of the Convertible Bonds.
- 1.8 The Convertible Bonds, when issued and delivered (a) will be duly and validly issued and fully paid and non-assessable; (b) will constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and will rank pari passu without any preference or priority among themselves will rank at least equally with all other present and future unsubordinated and unsecured obligations of the Company other than those preferred by Applicable Laws; (c) will not be subject to any kind of pre-emptive rights; and (d) will be freely transferable, free and clear of all liens, charges, encumbrances, security interests or claims of third parties and will not be subject to calls for further funds.
- 1.9 There are no outstanding options granted by the Company under the Share Option Schemes and no securities issued by the Company convertible into or exchangeable for, warrants, rights or options, or agreements to grant warrants, rights or options, to purchase or to subscribe for, shares of the Company. There are no other or similar arrangements approved by the Board or a general meeting of the Company providing for the issue or purchase of the Shares or the subscription of the Shares. No unissued share capital of the Company is under option or agreed conditionally or unconditionally to be put under option.
- 1.10 Each member of the Group is a company duly incorporated and validly existing and having its capital fully paid up under the laws of its jurisdiction of incorporation, is in compliance with its constitutional documents, and all laws, regulations and corporate governance requirements to which it is subject, is not in liquidation or receivership, has full power and authority to own its properties and to conduct its business and is lawfully qualified and licensed to do business in those jurisdictions in which business is conducted by it, and each of the foregoing statements in this paragraph is true with respect to each of the branches established by a member of the Group; all of the Company's Subsidiaries have been set out in Schedule 3 and all information regarding the Company's Subsidiaries set out in Schedule 3 is true and accurate and not misleading. No Group Company holds or has agreed to acquire (in each case, directly or indirectly) any securities of any other company other than another Group Company.
- 1.11 All information regarding the Company set out in Schedule 1 is true and accurate and not misleading. All information regarding the Company's share capital set out in Schedule 2 Part A is true and accurate and not misleading as of the date of this Agreement, and all information regarding the Company's share capital set out in Schedule 2 Part B will be true and accurate and not misleading as of the Completion Date.
- 1.12 All the issued shares or other equity interests of each Group Company have been duly and validly authorised and issued and are fully paid, and all the equity interests of

each Group Company held by the Company are owned directly or indirectly by the Company, free and clear of all liens, charges, encumbrances, security interests, claims of any third party, restrictions on transfer, or restrictions on voting.

1.13 The facts set out in this Agreement (including the Recitals and the Schedules) are true and correct in all material respects.

1.14 Subject to the fulfillment of the conditions of this Agreement, the Company has obtained or will obtain all necessary regulatory approvals for its execution and delivery of this Agreement to which it is a party and for the performance by it of its obligations thereunder, and no consent of any third party is required for the allotment and issue of the Subscription Shares.

2. Laws and Listing Rules

2.1 Each member of the Group and their respective directors, officers and employees is materially in compliance with and will materially comply with all Applicable Laws and the applicable requirements of the Listing Rules, and the Company is in compliance with all Applicable Laws and the applicable requirements of the Listing Rules in connection with the issue of the Subscription Shares, the Convertible Bonds and the Conversion Shares.

3. Compliance

3.1 The execution, delivery and performance by the Company of this Agreement, the consummation of the transactions contemplated hereunder and the issue of the Subscription Shares, the Convertible Bonds, the Conversion Shares and the compliance by the Company with this Agreement, do not and will not:

(a) conflict with or result in any breach or cancellation or termination of any of the terms, provisions or conditions of or constitute a default (nor has any event occurred which, with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement, would result in a material default by the Company or any other member of the Group) under, the documents constituting the Company, any indenture, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, commitment, obligation, condition, covenant or instrument to which the Company is a party or by which the Company or any other member of the Group or any of their respective assets may be bound or affected or violate any law or any rule or regulation of any administrative agency or governmental body affecting the Company; or

(b) lead to any circumstances whereby the continuation of any financial facilities (including loans, bonds and hedging instruments), outstanding or available to the Company or any other member of the Group might be materially prejudiced or affected; or

(c) infringe any existing applicable law, rule, regulation, judgment, order, authorisation or decree of any government, governmental agency or regulatory body or court, domestic or foreign, having jurisdiction over the Company or any other

member of the Group or any of their respective assets in any material respect, including without limitation, the Listing Rules; or

- (d) require the consent, clearance, approval, authorisation, order, registration or qualification of or with any court, governmental agency or regulatory body having jurisdiction over the Company or any other person or any other action or thing to be taken, fulfilled or done, except for all of those which have been, or will prior to the Completion Date be, obtained and are, or will on the Completion Date be, in full force and effect.

4. Financial Statements

- 4.1 The Accounts were prepared in accordance with HKFRS, and pursuant to the relevant laws of Hong Kong, consistently applied and present a true and fair view of the financial position of the Group as at the dates, and the results of operations and changes in financial position of the Group for the periods in respect of which they have been prepared.

5. Contingent Liabilities

- 5.1 To the best knowledge of the Company, there are no outstanding guarantees or contingent payment obligations of the Group in respect of indebtedness of third parties other than those disclosed in the Accounts.
- 5.2 Each member of the Group is in compliance in all material respects with all of its obligations under any outstanding guarantees or contingent payment obligations as disclosed in the Accounts.

6. Off-balance Sheet Arrangements

- 6.1 No member of the Group has engaged in any off-balance sheet transactions, and neither the Company nor any other member of the Group has any relationships with unconsolidated entities that facilitate the transfer of or access to assets by the Company or any other member of the Group, such as structured finance entities and special purpose entities.

7. Auditors

- 7.1 The auditors who audited the financial statements of the Company and the Consolidated Group and the notes thereto and delivered an audit report thereon are independent reporting accountants with respect to the Company and the Consolidated Group as described in the audit report.

8. Taxes and Assessments

- 8.1 All returns, reports and filings and relevant supporting documents for taxation purposes which ought to have been made by or in respect of the Company and each other member of the Group as required by all Applicable Laws and regulations have been made, and all such returns, reports and filings are up to date, correct, comply with tax laws and regulations, and on a proper basis, and are not the subject of any

material dispute with the relevant revenue or other appropriate authorities and to the best knowledge of the Company there are no present circumstances which may be reasonably likely to give rise to any such dispute and, further, the provisions, charges, accruals and reserves included in the Accounts are sufficient to cover all taxation in respect of all accounting periods ended on or before the accounting reference date to which the financial statements relate for which a member of the Group is liable.

9. Title

9.1 Each member of the Group has valid and legally enforceable rights to use, occupy and possess all property and assets which are used in the conduct of the business now operated by it (the “**Assets**”). There are no charges, liens, encumbrances or other security interests or third party rights or interests, conditions, planning consents, orders, regulations, defects or other restrictions affecting any of such Assets which are not disclosed in the Accounts.

10. Licenses and Approvals

10.1 The Group has obtained all licenses or registrations that are necessary for the operation of the businesses of the Group as they are conducted as at the date of this Agreement and each member of the Group possesses, necessary certificates, authorizations, licenses, orders, consents, approvals and permits (the “**Licenses and Approvals**”) issued by, and have made all declarations and filings with, all appropriate national, state, local and other governmental agencies and regulatory bodies, all exchanges and all courts and other tribunals, domestic and foreign, necessary to own or lease, as the case may be, and to construct, develop and operate its Assets and to conduct the business now operated by it.

10.2 Each member of the Group is, in all material respects, in compliance with the terms and conditions of all such Licenses and Approvals and has filed all necessary filings, returns and other necessary documents in respect of the Licenses and Approvals.

10.3 All of such Licenses and Approvals are valid, in force and effect and unconditional or subject to a condition that has been or continues to be satisfied.

10.4 To the best knowledge of the Company no fact or circumstance exists which would result in any such Licenses and Approvals being revoked, suspended, cancelled, varied or not renewed and no fact or circumstance exists which would or might reasonably be expected to cause any condition of any such Licenses and Approvals being breached or violated.

10.5 No member of the Group has been refused admission to membership of any industry association or body or been censured or disciplined by such industry association or body to which it belongs or belonged or been disqualified from membership in any such industry association or body

11. Intellectual Property

11.1 Each member of the Group owns or possesses all intellectual property necessary for the carrying on of the business operated by it in each country where it operates. No member of the Group has received any notice or is otherwise aware of any

infringement of or conflict in any jurisdiction with asserted rights of others with respect to any such intellectual property. The IT Systems used by the Group were procured and have been used in a lawful manner

12. Related Party Transactions

12.1 All transactions between any member of the Group on the one hand and a related party of the relevant entity on the other, are in all material respects in compliance with the Listing Rules as applied to the Company and its Subsidiaries, and such transactions as described in the audited consolidated financial statements of the Company are true, complete and accurate and not misleading in any material respect.

13. Material Contracts

13.1 No Group Company is a party to any subsisting agreement or arrangement:

- (a) which establishes any joint venture, consortium, partnership or profit (or loss) sharing agreement or arrangement;
- (b) which involves any non-competition undertaking granted by a Group Company to a third party;
- (c) which was entered into by it or by which it or any of its property may be bound, otherwise than by way of bargain at arm's length;
- (d) which provides for payments to or by the Group Companies in excess of HK\$1,000,000 (or the equivalent in other currencies) in a single transaction;
- (e) which cannot be performed within its terms within 24 months after the date on which it was entered into or cannot terminate on less than three months' notice;
- (f) which is of an onerous nature or cannot be performed within its terms by the relevant Group Company without undue or unusual expenditure of money or effort;
- (g) under the terms of which, as a result of the entry into and performance of this Agreement (a) any other party will be entitled to be relieved of any material obligation or become entitled to exercise any material right (including any termination or pre-emptive right or other option); or (b) any Group Company will be in material default; or (c) a liability or obligation of a Group Company is likely to be created or increased.

14. Litigation

14.1 Save as disclosed in Note 38 to the consolidated financial statements contained in the Company's annual report for the year ended 31 December 2015, none of the members of the Group or the directors of the Company is involved whether as plaintiff or defendant or otherwise in any civil, criminal or arbitration proceedings (apart from debt collecting in the ordinary course of business) or in any proceedings before any

tribunal and to the best knowledge of the Company no such proceedings are threatened or pending.

14.2 Save as disclosed in Note 38 to the consolidated financial statements contained in the Company's annual report for the year ended 31 December 2015, there is no unsatisfied judgment or court order outstanding against any Group Company and no order has been made or petition presented or resolution passed for its winding-up nor has any receiver been appointed or distress, execution or process levied on any part of its business or assets.

15. Insurance

15.1 Each member of the Group has in place all insurance policies necessary for the conduct of its business as currently operated and for compliance with all requirements of law, such policies are in full force and effect, and all premiums with respect thereto have been paid, and no notice of cancellation or termination has been received with respect to any such policy, and each member of the Group has complied in all material respects with the terms and conditions of such policies.

16. Insolvency

16.1 All of the Group Companies are and have at all times been solvent and no order has been made, or so far as the Company is aware, no petition has been presented to any governmental entity or meeting convened for the winding up of any Group Company, or for the appointment of any provisional liquidator or in relation to any other process whereby the business is terminated and the assets of any Group Company are distributed amongst the creditors and/or shareholders or other contributors and no events have occurred or circumstances exist which, under Applicable Laws, would be reasonably likely to justify or result in any of the foregoing.

17. Default

17.1 None of the Group Companies is in material breach of or in material default (nor has any event occurred which, with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement would result in a material default) under: (i) any law, regulation, agreement or License and Approval; or (ii) any material contract or agreement to which any member of the Group is a party and each such contract or agreement constitutes valid, binding and enforceable obligations of the parties thereto.

18. Employees

18.1 There is no employment contract between a Group Company and any of its employees which cannot be terminated by the Group Company by three months' notice or less without giving rise to a claim for damages or compensation (other than a statutory severance payment or statutory compensation for unreasonable dismissal or unreasonable and unlawful dismissal).

18.2 The Group is not involved in any claims in respect of any current or former director or other officer, employee, manager, agent, account executive, dealer, dealer's representative, independent contractor, worker or consultant of the Group and there

are no factors or circumstances that would or might reasonably be expected to give rise to such claims.

19. Information

- 19.1 All information supplied or disclosed in writing by the Company or its representatives to the Subscriber, its agents or professional advisers is in every material respect true and accurate and not misleading and all forecasts, opinions and estimates relating to each member of the Group so supplied or disclosed have been made after due, careful and proper consideration, are based on reasonable assumptions and represent reasonable and fair expectations honestly held based on facts known to such persons (or any of them), and none of such information is information relating to, or to the securities of, the Company which has not been made public and which if it were made public would be likely to have a significant effect on the price (including the value) of such securities or information which is otherwise relevant information (as defined in section 245 of the Securities and Futures Ordinance (Cap. 571)) in relation to the Company and there has been no material development or occurrence relating to the financial or business condition of the Company or the Group since the provision of such information which is not in the public domain.

20. Announcements

- 20.1 With respect to all the announcements issued by the Company since 1 January 2015: (i) all statements contained therein were in every material respect true and accurate and not misleading; (ii) all opinions and intentions expressed in them were honestly held, were reached after considering all relevant circumstances and were based on reasonable assumptions; and (iii) there were no other facts omitted so as to make any such statement or expression in any of the announcements misleading in any material respect or which would or might have been material in the context in which the announcements were made.

21. Compliance with Securities Laws

- 21.1 (i) Neither the Company nor to the best knowledge of the Company, any of its Affiliates, is in possession of information relating to, or to the securities of, the Company which has not been made public and which if it were made public would be likely to have a significant effect on the price (including the value) of such securities or information which is otherwise relevant information (as defined in section 245 of the Securities and Futures Ordinance (Cap. 571)) in relation to the Company; and (ii) neither the Company nor to the best knowledge of the Company, any of its Affiliates is or will be at any time up until immediately after the termination of this Agreement or the Completion Date (whichever is the earlier), engaged in insider dealing for the purposes of sections 270 and 291, or other market misconduct offences under the provisions of Division 3 of Part XIV of the Securities and Futures Ordinance (Cap. 571).

22. Anti-Money Laundering

- 22.1 The operations of each member of the Group are and have been conducted at all times in compliance with all applicable anti-money laundering laws, regulations and rules in

its jurisdiction of incorporation and in each other jurisdiction in which such entity, as the case may be, conducts business (collectively, the “**Money Laundering Laws**”) and no action or proceeding by or before any court or governmental or regulatory agency, authority or body or any arbitrator involving any member of the Group with respect to any of the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened or contemplated.

23. Corrupt Practices

23.1 No member of the Group, nor, to the best knowledge of the Company, any director, officer, agent, employee, representative, consultant or any other person acting for or on behalf of the foregoing (individually and collectively, an “**Company Representative**”), has in the past twelve months violated any laws, regulations or orders relating to anti-bribery or anti-corruption (governmental or commercial), which apply to the business and dealings of the Group or the shareholders of the Company including, without limitation, the PRC Criminal Law, the PRC Anti-Unfair Competition Law, the PRC Interim Regulations on Commercial Bribery, the Hong Kong Prevention of Bribery Ordinance (Cap.201) and any applicable anti-corruption laws and the rules and regulations thereunder (the “**Anti-Corruption Laws**”), nor has any member of the Group nor Company Representative offered, paid, promised to pay, or authorised the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, to any Government Official or to any person under circumstances where the relevant member of the Group or Company Representative knew or ought reasonably to have known (after due and proper enquiry) that all or a portion of such money or thing of value would be offered, given or promised, directly or indirectly, to any person:

- (a) for the purpose of: (i) influencing any act or decision of a Government Official in their official capacity; (ii) inducing a Government Official to do or omit to do any act in violation of their lawful duties; (iii) securing any improper advantage; (iv) inducing a Government Official to influence or affect any act or decision of any Government Entity; or (v) assisting any member of the Group or Company Representative in obtaining or retaining business for or with, or directing business to, the Company, any other member of the Group or Company Representative;
- (b) in a manner which would constitute or have the purpose or effect of public or commercial bribery, acceptance of or acquiescence in extortion, kickbacks or other unlawful or improper means of obtaining business or any improper advantage.

24. Other Transactions

24.1 Other than those transactions which have been publicly announced by the Company in accordance with Rule 2.07C of the Listing Rules prior to the date of this Agreement, no member of the Group is a party to any other transaction which, if executed in accordance with its terms, has or will have a Material Adverse Effect.

Part B

Guarantors' Warranties

The Guarantors jointly and severally represent, warrant and undertake to the Subscriber that:

- 1.1 each of them has the right, power and authority to execute, deliver, and perform their respective obligations under, this Agreement and each other document to be executed by the Guarantors pursuant to or in connection with this Agreement;
- 1.2 this Agreement has been duly authorised, executed and delivered by the Company and constitutes valid and legally binding obligations of the Guarantors, enforceable against the Guarantors in accordance with its terms.
- 1.3 the execution and delivery by the Guarantors of this Agreement and the performance of the obligations of the Guarantors under it do not and will not:
 - (a) conflict with or constitute a default under or result in a breach of any provision of:
 - (i) the constitutional documents of Surplus Excel;
 - (ii) any Applicable Law; or
 - (iii) any agreement to which any Guarantor or any Group Company is a party or by which any of their respective assets are bound; or
- 1.4 Surplus Excel is duly incorporated, validly existing and in good standing under the laws of the British Virgin Islands, is not in liquidation or receivership and has power and authority to own its properties and to conduct its business; and
- 1.5 all authorisations from, and notices or filings with, any governmental or other authority that are necessary to enable the Guarantors to execute, deliver and perform their obligations under this Agreement have been obtained or made (as the case may be) and are in full force and effect and all conditions of each such authorisation have been complied with.