

DATED 24 June 2020

RISECOMM GROUP HOLDINGS LIMITED
(as the Company)

AMENDMENT AGREEMENT
in relation to
CONVERTIBLE BONDS INSTRUMENT
constituting
FIXED RATE SENIOR CONVERTIBLE BONDS
IN THE AGGREGATE PRINCIPAL AMOUNT
OF HK\$150,000,000 DUE 2020

MAYER | BROWN
好士打
Hong Kong

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This **AMENDMENT AGREEMENT** is dated 24 June 2020 and entered into by **RISECOMM GROUP HOLDINGS LIMITED**, a company incorporated under the laws of the Cayman Islands whose shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 1679) (the “**Company**”) and **SOFTWARE RESEARCH ASSOCIATES, INC. (株式会社 SRA)**, a company incorporated under the laws of Japan whose registered office is 2-32-8 Minami-Ikebukuro, Toshima-ku, Tokyo 171-8513, Japan (the “**Bondholder**”).

WHEREAS:

- (A) The Company issued fixed rate senior convertible bonds in the aggregate principal amount of HK\$150,000,000 at a rate of 4% per annum on 13 August 2018 by way of executing a deed of convertible bonds instrument dated on the same date (the “**Instrument**”).
- (B) On 18 December 2019, the Company delivered an Extension Notice to the Bondholder pursuant to Condition 4.1 to extend the Maturity Date of the Convertible Bonds to the date falling 36 months from the issue date. Based on the Extension Notice and the Instrument, the Convertible Bonds will mature on 13 August 2021 and the Maturity Date shall not be extended further without written approval of the Majority Convertible Bondholders and the Company.
- (C) As at the date of this Amendment Agreement, the Bondholder holds 100% of the Principal Amount of the Convertible Bonds.
- (D) The parties hereto are desirous of entering this Amendment Agreement for the purpose of amending certain terms of the Instrument by way of executing a supplemental deed to the Instrument in accordance with the terms and conditions hereunder.

THIS AMENDMENT AGREEMENT NOW WITNESSES as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Amendment Agreement, unless the context requires otherwise, terms defined in the Instrument have the same meanings and construction when used in this Amendment Agreement.

In addition:

“**Effective Date**” means a date on or before 13 August 2020 as mutually agreed by the Parties, subject to satisfaction of the conditions precedent set out in Clause 4.

“**Party**” means a party to this Amendment Agreement.

“**Proposed Amendments**” means the amendments to be made to the Instrument as contemplated in Clause 2.

“**Supplemental Deed**” means the supplemental deed of Instrument substantially in the form set out in Schedule 1 hereto to be executed by the Company on the Effective Date in connection with the Proposed Amendments.

- 1.2 A reference to a clause shall, unless otherwise expressly stated, be construed as a reference to a clause of this Amendment Agreement.

2. AMENDMENTS

Subject to satisfaction of the conditions precedent set out in Clause 4, each of the Parties agrees that, with effect from the Effective Date, the Instrument will be amended by way of the Supplemental Deed.

3. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- 3.1 Each Party represents, warrants and undertakes to the other Party that as at the date hereof:

- (a) it is duly incorporated and validly existing in good standing under the laws of its incorporation;
- (b) it has the power and authority to enter into and perform this Amendment Agreement and (in the case of the Company) the Supplemental Deed. In entering into this Amendment Agreement and (in the case of the Company) the Supplemental Deed, it does not do so in breach of any applicable legislation. This Amendment Agreement and (in the case of the Company) the Supplemental Deed constitutes its valid, binding and enforceable obligations; and
- (c) its execution and delivery of, and the performance of its obligations under this Amendment Agreement and (in the case of the Company) the Supplemental Deed do not and will not, and this Amendment Agreement and (in the case of the Company) the Supplemental Deed does not and will not breach any provisions of its memorandum or articles of association or any other constitutional documents.

- 3.2 The Bondholder represents and warrants to the Company that it and, to the best of its knowledge, its ultimate beneficial owner is not a connected person (as defined in the Listing Rules) of the Company and is a third party independent of and not connected with the connected persons (as defined in the Listing Rules) of the Company.

4. CONDITIONS PRECEDENT

Execution of the Supplemental Deed is conditional upon the following conditions being fulfilled (or waived by the Parties):

- 4.1 The Company has obtained the approval from the Stock Exchange in relation to the Proposed Amendments in accordance with the Listing Rules.
- 4.2 The Company has obtained the approval from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued upon conversion of the Convertible Bonds in accordance with the Instrument as amended and supplemented by the Supplemental Deed.

- 4.3 The Company has obtained all other necessary consents, authorisations and approvals in respect of the Proposed Amendments and the transactions contemplated by the Amendment Agreement and the Supplemental Deed.
- 4.4 Each Party shall have passed all the necessary resolutions of the board of directors or obtained necessary internal approval approving, *inter alia*, the terms of, and the transactions contemplated by, the Amendment Agreement and the Supplemental Deed and resolving that it executes the documents to which it is a party and such resolutions or approval shall remain in full force and effect and shall not have been revoked or amended.
- 4.5 On the Effective Date, there shall not be an event existing or having occurred or a condition in existence which would constitute an Event of Default, and no event or act shall have occurred which (with the giving of notices, or the lapse of time, or both) would constitute an Event of Default.
- 4.6 On the Effective Date, the representations, warranties and undertakings set out in Clause 3 shall be true, accurate and correct at, and as if made on, such date.

5. VARIATION

This Amendment Agreement may be varied or modified with written consent by both Parties.

6. NOTICES

- 6.1 Each notice, demand or other communication given, made or served under this Amendment Agreement shall be in writing and delivered or sent to the relevant party by prepaid postage (by airmail if to another country), facsimile transmission, personal delivery to its address or by electronic mail.
- 6.2 The address, facsimile number and email address of the Company for the service of communications and the persons for whose attention such communications are to be marked are set out below:

To the Company: RISECOMM GROUP HOLDINGS LIMITED

Address: 7/F., The Wellington, 198 Wellington Street, Central, Hong Kong

Fax Number: (852) 3622 1090

Email: jyue@risecomm.com.cn / alfred.lau@risecomm.com.hk

Attention: Mr. Yue Jingxing / Mr. Lau Wai Leung, Alfred

To the Bondholder: SOFTWARE RESEARCH ASSOCIATES, INC. (株式会社 SRA)

Address: 2-32-8 Minami-Ikebukuro, Toshima-ku, Tokyo 171-8513, Japan

Fax Number: +81-3-5979-2667

Email: y-morikw@sra.co.jp

Attention: Y. Morikawa

6.3 A change of address, facsimile number or email address of the person to whom a communication is to be addressed or copied pursuant to this Amendment Agreement shall not be effective until five (5) Business Days after a written notice of change has been served in accordance with the provisions of this Clause 5 on the relevant parties with specific reference in such notice that such change is for the purposes of this Amendment Agreement.

6.4 Each notice, demand or other communication given, made or served under this Amendment Agreement shall be deemed to have been given and received by the relevant parties (i) within one (1) Business Day after the date of posting, if sent by local mail; three (3) Business Days after the date of posting, if sent by airmail; (ii) when delivered, if delivered by hand; (iii) on despatch, if sent by facsimile transmission; and (iv) when at least one of the relevant email addresses of the person to whom the communication is made has received the electronic mail in legible form.

7. GOVERNING LAW AND JURISDICTION

7.1 This Amendment Agreement is governed by and shall be construed in accordance with Hong Kong law.

7.2 The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Amendment Agreement and accordingly any legal action or proceedings arising out of or in connection with this Amendment Agreement may be brought in such courts.

7.3 The Bondholder shall at all times maintain an agent for service of process and any other documents in proceedings in Hong Kong or any other proceedings in connection with this Amendment Agreement.

8. CONTRACTS (RIGHTS OF THIRD PARTIES) ORDINANCE (CHAPTER 623 OF THE LAWS OF HONG KONG)

Unless otherwise provided, any person who is not a party to this Amendment Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce any term of this Amendment Agreement.

9. ASSIGNMENT

This Amendment Agreement shall be binding on and enure for the benefit of the successors of each of the Parties and should not be assignable other than with the prior written consent by the other Party.

10. PARTIAL INVALIDITY

If at any time any provision of this Amendment Agreement is or becomes illegal, invalid or unenforceable in any respect in any jurisdiction, the legality, validity and

enforceability in other jurisdictions or of the remaining provisions of this Amendment Agreement shall not be affected or impaired thereby.

11. GENERAL

11.1 This Amendment Agreement, together with the Instrument and the Supplemental Deed, constitutes the entire agreement between the Parties with respect to its subject matter (no Party having relied on any representation or warranty made by any other Party which is not contained in this Amendment Agreement).

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

12. COUNTERPARTS

This Amendment Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

SCHEDULE 1
FORM OF SUPPLEMENTAL DEED

DATED _____ **2020**

RISECOMM GROUP HOLDINGS LIMITED
(as the Company)

**SUPPLEMENTAL DEED OF
CONVERTIBLE BONDS INSTRUMENT**

constituting

**FIXED RATE SENIOR CONVERTIBLE BONDS
IN THE AGGREGATE PRINCIPAL AMOUNT
OF HK\$150,000,000 DUE 2020**

MAYER | BROWN
好士打

Hong Kong

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This **SUPPLEMENTAL DEED** is dated _____ 2020 and entered into by **RISECOMM GROUP HOLDINGS LIMITED**, a company incorporated under the laws of the Cayman Islands whose shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 1679) (the "**Company**") for the benefit of the person(s) in whose name the Convertible Bonds (as defined below) are registered from time to time.

WHEREAS:

- (A) The Company issued fixed rate senior convertible bonds in the aggregate principal amount of HK\$150,000,000 at a rate of 4% per annum on 13 August 2018 by way of executing a deed of convertible bonds instrument dated on the same date (the "**Instrument**").
- (B) On 18 December 2019, the Company delivered an Extension Notice to the Bondholder pursuant to Condition 4.1 to extend the Maturity Date of the Convertible Bonds to the date falling 36 months from the issue date. Based on the Extension Notice and the Instrument, the Convertible Bonds will mature on 13 August 2021 and the Maturity Date shall not be extended further without written approval of the Majority Convertible Bondholders and the Company.
- (C) As at the date of this Supplemental Deed, the Bondholder holds 100% of the Principal Amount of the Convertible Bonds.
- (D) The parties hereto are desirous of entering this Supplemental Deed of the Instrument for the purpose of amending certain terms of the Instrument.

THIS SUPPLEMENTAL DEED NOW WITNESSES as follows:

1. DEFINITION

- 1.1 Words and expressions defined in the Instrument shall, unless otherwise defined herein, have the same meanings here.
- 1.2 A reference to a clause shall, unless otherwise expressly stated, be construed as a reference to a clause of this Supplemental Deed.

2. AMENDMENTS

- 2.1 Condition 5.2 shall be amended by deleting and substituting the existing text in its entirety with the following:

*Conversion Price. The price at which the Company shall issue Shares (the "**Conversion Shares**") to each Holder of the Convertible Bonds upon conversion (the "**Conversion Price**") will initially be HK\$0.80 per Share but will be subject to adjustment in the manner provided in Condition 6 below.*

- 2.2 Schedule 1 to the Instrument shall be amended by deleting and substituting the existing text in its entirety with Schedule 1 hereto.

3. VARIATION

The provisions of the Instrument and this Supplemental Deed and the Convertible Bonds may be varied or modified with the written approval of the Majority Convertible Bondholders and the Company.

4. NOTICES

Each notice, demand or other communication given, made or served under this Supplemental Deed shall be in writing and delivered or sent to the relevant party by prepaid postage (by

airmail if to another country), facsimile transmission, personal delivery to its address or by electronic mail. The addresses, facsimile numbers and email addresses of the Holders of the Convertible Bonds for the service of communications and the persons for whose attention such communications are to be marked are set out in the Register in accordance with Condition 2.2.

The address, facsimile number and email address of the Company for the service of communications and the persons for whose attention such communications are to be marked are set out below:

To the Company: RISECOMM GROUP HOLDINGS LIMITED

Address: 7/F., The Wellington, 198 Wellington Street, Central, Hong Kong

Fax Number: (852) 3622 1090

Email: jyue@risecomm.com.cn / alfred.lau@risecomm.com.hk

Attention: Mr. Yue Jingxing / Mr. Lau Wai Leung, Alfred

A change of address, facsimile number or email address of the person to whom a communication is to be addressed or copied pursuant to this Supplemental Deed shall not be effective until five (5) Business Days after a written notice of change has been served in accordance with the provisions of this Clause 4 on the relevant parties with specific reference in such notice that such change is for the purposes of this Supplemental Deed.

Each notice, demand or other communication given, made or served under this Supplemental Deed shall be deemed to have been given and received by the relevant parties (i) within one (1) Business Day after the date of posting, if sent by local mail; three (3) Business Days after the date of posting, if sent by airmail; (ii) when delivered, if delivered by hand; (iii) on despatch, if sent by facsimile transmission; and (iv) when at least one of the relevant email addresses of the person to whom the communication is made has received the electronic mail in legible form.

5. GOVERNING LAW AND JURISDICTION

- 5.1 This Supplemental Deed is governed by and shall be construed in accordance with Hong Kong law.
- 5.2 The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Supplemental Deed and accordingly any legal action or proceedings arising out of or in connection with this Supplemental Deed may be brought in such courts.

6. DELIVERY

This Supplemental Deed shall be treated as delivered upon being dated.

Schedule 1

Form of Certificate

Certificate No.: _____

RISECOMM GROUP HOLDINGS LTD
(Incorporated in the Cayman Islands)

HK\$150,000,000 FIXED RATE SENIOR CONVERTIBLE BONDS DUE 2020

Issued pursuant to the Memorandum of Association and Articles of Association of RISECOMM GROUP HOLDINGS LIMITED (the “Company”) and a resolution of its board of directors passed on 17 May 2017.

THIS IS TO CERTIFY that _____ whose registered office is situated at _____ is the registered Holder of the above-mentioned convertible bonds (the “Convertible Bonds”) in the principal amount of HK\$_____. Each Holder of the Convertible Bonds is entitled to require the Company to convert part or the whole of the principal amount outstanding under the Convertible Bonds into ordinary shares in the capital of the Company subject to and in accordance with the terms and conditions attached hereto (the “Conditions”) which shall form an integral part of this Certificate. Words and expressions defined in the Conditions shall bear the same meanings when used in this Certificate.

Subject to the foregoing, the Company for value received undertakes to redeem the Convertible Bonds and pay the principal sum stated above together with any interest as may be payable to each Holder of the Convertible Bonds under and in accordance with the Conditions.

This Certificate is not a document of title. Entitlements are determined by entry in the Register and only the duly registered holder from time to time is entitled to payment in respect of this Certificate.

If any provision in or obligation under the Convertible Bonds evidenced by this Certificate is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under the Convertible Bonds evidenced by this Certificate, or (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under the Convertible Bonds evidenced by this Certificate.

GIVEN under the seal of the Company this day of 2020.

Director

Secretary / Director

Notes:

The Convertible Bonds cannot be transferred to bearer on delivery and is only transferable to the extent permitted by Condition 2 of the Conditions. This certificate must be delivered to the secretary of the Company for cancellation and reissue of an appropriate certificate in the event of any such transfer.

(For endorsement in the event of partial conversion/transfer)

<u>Date</u>	<u>Amount Converted/Transferred</u>	<u>Amount Outstanding</u>
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TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS

The HK\$150,000,000 4% senior convertible bonds due 13 August 2020 are constituted by a convertible bond instrument, as amended and supplemented from time to time (the “**Instrument**”) dated 13 August 2018 (the “**Issue Date**”) and are issued in accordance with the terms and subject to the conditions contained herein. Each Holder of the Convertible Bonds is entitled to the benefits of the Convertible Bonds and pursuant to the terms and subject to the conditions set forth herein (the “**Conditions**”) and may enforce the terms contained herein and exercise the remedies provided for herein or otherwise available in respect hereto.

In these Conditions, unless the context otherwise requires, the words and expressions have the meanings set out in the Instrument:

1. **STATUS**

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

References in these Conditions to principal, interest and other payments payable by the Company shall be deemed also to refer to any additional amounts which may be payable under Condition 11.1 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to these Conditions.

2. **FORM AND TRANSFER**

2.1 The Convertible Bonds are issued in registered form and will be in the denominations of HK\$200,000 and integral multiples of HK\$10,000 in excess thereof. The Certificate is issued to each Holder of the Convertible Bonds in respect of its registered holding of the Convertible Bonds. The Convertible Bonds and the Certificate are numbered serially with an identifying number that has been recorded on the face of the Certificate and in the Register (as defined below).

2.2 The Company shall, at its own expense, keep the Register in which the Company shall provide for the registration and transfer of the Convertible Bonds at its registered office, and the Company shall record the name, address, facsimile number and email address of each Holder of the Convertible Bonds as the owner/holder of the Convertible Bonds. The Register shall also include the person to whose attention communications are to be marked when made to each Holder of the Convertible Bonds. Each Holder of the Convertible Bonds shall notify the Company of any change of name or address and promptly after receiving such notification the Company shall, at its own expense, record such information in such register.

2.3 The Convertible Bonds may be freely assigned or transferred to any third party who has confirmed to the relevant Holder of the Convertible Bonds in writing it is not a connected person of the Company within the meaning of the Listing Rules (save that the Convertible Bonds may be assigned or transferred to a connected person when the Company has given its written consent), subject to the compliance with: (i) these Conditions; (ii) the Listing Rules; (iii) the approval for listing in respect of the Conversion Shares (as defined below); and (iv) all applicable laws and regulations.

- 2.4 The rights and obligations of the Company and each Holder of the Convertible Bonds shall be binding upon and benefit the permitted transferees and assigns, successors, heirs, and administrators of the Company and each Holder of the Convertible Bonds, provided that the Company shall not be permitted to assign or transfer any of its obligations under or in respect of the Convertible Bonds except in accordance with the Conditions.
- 2.5 Title to the Convertible Bonds passes only upon the cancellation of the existing Convertible Bonds, the issue of new Convertible Bonds and upon the entry on the Register of the relevant transfer. Each Holder of the Convertible Bonds shall (except as otherwise required by law) be treated as the absolute owner of the Convertible Bonds for all purposes (regardless of any notice of ownership, trust or interest in it) and no person will be liable for so treating each Holder of the Convertible Bonds.
- 2.6 In relation to any assignment or transfer of the Convertible Bonds permitted under or otherwise pursuant to this Condition 2:
- (a) it can only be transferred by execution of the Transfer Form attached hereto as Exhibit B under the hand of the transferor and the transferee (or their duly authorised representatives) or, where either the transferor or transferee is a corporation, under the hand of one of its officers duly authorised in writing or otherwise executed by a duly authorised officer thereof. In this Condition, “transferor” shall, where the context otherwise permits or requires, include joint transferors and shall be construed accordingly; and
 - (b) the Convertible Bonds must be delivered for cancellation to the Company accompanied by: (i) a duly executed Transfer Form; (ii) in the case of the execution of the Transfer Form on behalf of a corporation by its officers, the authority (such as board resolutions) of that person or those persons to do so; (iii) a written confirmation from the transferee (or its duly authorised representative) that the transferee is not a connected person of the Company; (iv) such other evidence as the Company may reasonably require if the Transfer Form is executed by some other person on behalf of the Holder(s) of the Convertible Bonds of the authority of that other person. The Company shall use all reasonable endeavours to facilitate any such assignment or transfer of the Convertible Bonds, including but not limited to making any necessary applications to the Stock Exchange for approval, if required under the Listing Rules. The Company shall, within 10 Business Days of receipt of such documents from the Holder(s) of the Convertible Bonds and subject to the requisite consent to the transfer of the Stock Exchange being obtained (if required under the Listing Rules) provided that the Company shall have requested such consent as soon as practicable, cancel the existing Convertible Bonds, register new Convertible Bonds and issue a Certificate in respect thereof under the seal of the Company, in favour of the transferee or assignee as applicable.
- 2.7 Any new Convertible Bonds issued pursuant to Condition 2.6 shall be (at the election of the relevant Holder of the Convertible Bonds and free of charge to the relevant Holder of the Convertible Bonds) delivered by registered mail or delivered by hand to the address specified in the Transfer Form or the relevant Holder of the Convertible Bonds’ registered address, or be made available for collection by the relevant Holder of the Convertible Bonds entitled thereto at the office as specified by the Company.
- 2.8 The Company shall procure the prompt registration of any transfer of all or any part of the outstanding Principal Amount of the Convertible Bonds which is made in

compliance with Condition 2.6 upon the receipt of the Certificate(s) of such Convertible Bonds and the Transfer Form. Registration of transfers of Convertible Bonds in accordance with Condition 2.6 shall be effected without charge by or on behalf of the Company.

- 2.9 Where only part of the Principal Amount of the Convertible Bonds (being that of one or more Convertible Bonds) in respect of which a Certificate is issued is to be converted or transferred, a new Certificate in respect of the Convertible Bonds not so converted or transferred shall be issued by the Company under seal in favour of each Holder of the Convertible Bonds and shall be (at the election of the relevant Holder of the Convertible Bonds and free of charge to the Holder of the relevant Convertible Bonds) delivered by registered mail or delivered by hand to the address specified in the Conversion Notice (as defined in Condition 5.3) or the relevant Holder of the Convertible Bonds' registered address, or be made available for collection by the relevant Holder of the Convertible Bonds entitled thereto at the office as specified by the Company.
- 2.10 If the Certificate is lost, defaced or mutilated, the relevant Holder of the Convertible Bonds shall notify the Company as soon as practicable and a replacement Certificate shall be issued if the relevant Holder of the Convertible Bonds provides the Company with:
- (a) the mutilated or defaced Certificate(s) (if available); and
 - (b) a declaration by the relevant Holder of the Convertible Bonds or its officer that the Certificate had been lost or mutilated (as the case may be) or other evidence that the Certificate had been lost or mutilated.

Any Convertible Bonds replaced in accordance with this Condition shall forthwith be cancelled. All reasonable administrative costs and expenses associated with the preparation, issue and delivery of a replacement Certificate for the Convertible Bonds shall be borne by the relevant Holder of the Convertible Bonds.

3. INTEREST

- 3.1 Until the Convertible Bonds are fully converted, redeemed or purchased and cancelled in accordance with these Conditions and the provisions of the Instrument, the Company will pay interest on the Principal Amount of the Convertible Bonds to each Holder of the Convertible Bonds from and including the Issue Date at a rate of 4% per annum, payable semi-annually in arrears in the sixth month after the Issue Date and in every sixth month thereafter (each an "**Interest Payment Date**") to and including the Maturity Date or the Extended Maturity Date, as the case may be.
- 3.2 In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".
- 3.3 Interest in respect of any Convertible Bond shall be calculated per HK\$10,000 in principal amount of the Convertible Bond (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the actual number of days in the Interest Period (or such other period) divided by 365, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

3.4 All payments due in relation to the Convertible Bonds shall be paid in full on the due date for payment, without set-off or counterclaim and free and clear of and without deduction for any present or future taxes, duties, levies, imposts, fees or other charges or withholdings of any nature whatsoever now or hereafter imposed by any governmental, fiscal or other authority. If the Company is obliged to make any such deduction or withholding, it will ensure that the deduction or withholding does not exceed the minimum required by law.

4. MATURITY AND REDEMPTION

4.1 Maturity. Unless previously redeemed, converted or purchased and cancelled, the Convertible Bonds shall be redeemed at 100% of their Principal Amount plus accrued but unpaid interest on the Maturity Date, provided that the Maturity Date may be extended to the date falling 36 months from the issue date of the Convertible Bonds, upon delivery of the Extension Notice by the Company to the Bondholder not less than 30 calendar days prior to 13 August 2021 (the “**Extended Maturity Date**”).

4.2 Payment.

All payments by the Company in respect of the Convertible Bonds shall be made in Hong Kong dollars for value on the due date:

- (a) to such bank account in Hong Kong as each Holder of the Convertible Bonds may notify the Company in writing from time to time; or
- (b) in the absence of any such notice, by banker's draft to each Holder of the Convertible Bonds to be delivered by registered post or by hand on the due date by the Company to the address as each Holder of the Convertible Bonds may notify the Company in writing from time to time,

If the due date falls on a day which is not a Business Day, it shall be brought forward to the immediately preceding Business Day.

5. CONVERSION

5.1 Conversion. At any time after the Issue Date and up to and inclusive of one business day prior to the Maturity Date or, as the case may be, the Extended Maturity Date (the “**Conversion Period**”), each Holder of the Convertible Bonds shall have the right, but not the obligation, to convert in whole or in part, the outstanding Principal Amount of the Convertible Bonds, into such number of fully paid Shares of the Company as determined in accordance with the following formula:

$$N = A / C$$

Where:

- “N” is the number of Shares to be issued by the Company upon conversion.
- “A” is the principal amount of the Convertible Bonds to be converted.
- “C” is the Conversion Price, as adjusted from time to time.

- 5.2 **Conversion Price.** The price at which the Company shall issue Shares (the “**Conversion Shares**”) to each Holder of the Convertible Bonds upon conversion (the “**Conversion Price**”) will initially be HK\$0.80 per Share but will be subject to adjustment in the manner provided in Condition 6 below.
- 5.3 **Conversion Procedures.** Each Holder of the Convertible Bonds shall effect conversions by delivering to the Company a completed notice in the form attached hereto as Exhibit A (a “**Conversion Notice**”). The date on which a Conversion Notice is issued is the conversion date (“**Conversion Date**”). Conversions hereunder shall have the effect of lowering the Principal Amount of the Convertible Bonds in an amount equal to the principal amount converted. Each Holder of the Convertible Bonds and the Company shall maintain records showing the Principal Amount of the Convertible Bonds converted and the Conversion Date. In the event of any dispute or discrepancy, the records of the Company shall be controlling and determinative in the absence of manifest error.
- 5.4 **Delivery of Shares.**
- 5.4.1 As soon as practicable, and in any event not later than five (5) Business Days after the Conversion Date, the Company will, procure that the relevant number of Conversion Shares are delivered through the Central Clearing and Settlement System of Hong Kong (“**CCASS**”) for credit to the securities account designated for the purpose in the Conversion Notice (or such other forms as agreed by the Company and the relevant Holder of the Convertible Bonds from time to time) and where appropriate, the original Convertible Bonds with an endorsement on it by a director of the Company for any balance of the Convertible Bonds not converted shall be made available for collection at the office specified by the Company as soon as practicable (not later than 5 Business Days in any event).
- 5.4.2 If the Conversion Date in relation to any Convertible Bonds shall be after the record date for any issue, distribution, grant, offer or other event giving rise to an adjustment of the Conversion Price pursuant to Condition 6, but before the relevant adjustment becomes effective under the relevant section (a “**Retroactive Adjustment**”), upon the relevant adjustment becoming effective the Company shall procure the issue to each Holder of the Convertible Bonds (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or regulations)), of such additional number of Shares (“**Additional Securities**”) as, together with the Shares issued or to be issued on conversion of the relevant Bonds, is equal to the number of Shares which would have been required to be issued on conversion of such Bonds if the relevant adjustment to the Conversion Price had been made and become effective as at such Conversion Date immediately after the relevant record date. In such event and in respect of such Additional Securities, references in this Condition 5.4 to the Conversion Date shall be deemed to refer to the date upon which the Retroactive Adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Conversion Period).
- 5.4.3 The Shares issued upon conversion of the Convertible Bonds will in all respects rank *pari passu* with the Shares already in issue on the day when the Conversion Shares are issued (the “**Share Issue Date**”) (except for any right excluded by mandatory provisions of applicable law) and such Shares shall be entitled to all rights the record date or other due date for the establishment of entitlement for which falls on or after such Share Issue Date to the same

extent as all other fully-paid Shares of the Company already in issue as if such Shares had been in issue throughout the period to which such rights relate. A holder of Shares issued on conversion of the Convertible Bonds shall not be entitled to any rights the record date for which precedes the relevant Share Issue Date.

- 5.5 Fractional Shares. If the conversion of the Convertible Bonds would result in the issuance of any fractional Share, the Company shall round down the fractional Share to zero.
- 5.6 Termination of Rights. All rights under the Convertible Bonds shall terminate when (a) the entire Principal Amount of the Convertible Bonds and any other amounts payable including but not limited to any interests accrued in relation to the Convertible Bonds have been paid and received pursuant to Condition 4.2 above and/or (b) the Convertible Bonds are converted in full pursuant to this Condition 5.
- 5.7 Availability of Shares. The Company covenants that it will at all times reserve and maintain authority to issue, solely for the purpose of issue or delivery upon any conversion herein provided, keep available for issue free from pre-emptive rights (subject to the terms of the memorandum and articles of association of the Company) out of its authorised but unissued share capital sufficient number of Shares issuable upon conversion of the Convertible Bonds. The Company covenants that all Shares, when issued or delivered pursuant to Condition 5.4 and in compliance with the provisions of the Company constitutional documents, be duly and validly issued and fully paid, free and clear of all liens, charges, encumbrances, or other third party rights.
- 5.8 Entitlement to Actions. If the Company shall fail to issue the Conversion Shares in accordance with the Conditions, each Holder of the Convertible Bonds shall be entitled to bring an action against the Company for either specific performance or damages. Failure of the Holders of the Convertible Bonds to exercise any of the rights herein conferred shall not constitute a waiver of any such rights.
- 5.9 Rights of Holders. For the avoidance of doubt, each Holder of the Convertible Bonds shall, until becoming a holder of Conversion Shares, not be entitled to any rights attached to the Conversion Shares including but not limited to any voting right or right to receive any dividend or other distribution in respect of the Conversion Shares; provided that in the event the record date for entitlement to any dividend and other distribution of the Company falls on or after the Conversion Date but before the Share Issue Date, the Company shall pay to the relevant Holder of the Convertible Bonds the equivalent of an amount equal to the Fair Market Value (as defined hereinafter) of any such dividend or other distribution to which the relevant Holder of the Convertible Bonds would have been entitled had it on that record date been such a shareholder of the relevant Conversion Shares and shall make the payment of the said amount at the same time as it makes payment of the dividend or other distribution to the other existing shareholders or as soon as practicable thereafter but in any event not later than five (5) Business Days thereafter.

6. ADJUSTMENTS TO CONVERSION PRICE

- 6.1 Certain Definitions. For the purposes of this Condition:

“**Capital Distribution**” means any Dividend other than a Cash Dividend.

“**Cash Dividend**” means any Dividend which is to be paid in cash.

“Current Market Price” per Share on any date means the average of the daily Closing Prices (as defined below) of the Shares for the five (5) consecutive Trading Days ending on and including the Trading Day immediately preceding such date. If the Company has more than one class of share capital comprising Shares, then the relevant Current Market Price for Shares shall be the price for that class of Shares the issue of which (or of rights or warrants in respect of, or securities convertible into or exchangeable for, that class of Shares) gives rise to the adjustment in question.

If during the said five (5) Trading Days or any period thereafter up to but excluding the date as of which the adjustment of the Conversion Price in question shall be effected, any event (other than the event which requires the adjustment in question) shall occur which gives rise to a separate adjustment to the Conversion Price under the provisions of these Conditions, then the Current Market Price as determined above shall be adjusted in such manner and to such extent as an independent financial institution in Hong Kong or an independent auditors in Hong Kong reasonably selected by the Company and approved by the Majority Convertible Bondholders (which approval shall not be unreasonably withheld) shall in its absolute discretion deem appropriate and fair to compensate for the effect thereof.

“Closing Price” of the Shares for a Trading Day shall be the last reported transaction price of the Shares on the Stock Exchange for such Trading Day or, if no transaction takes place on such Trading Day, the average of the closing bid and offered prices of Shares for such Trading Day as furnished by a leading independent securities firm licensed to trade on the Stock Exchange reasonably selected from time to time by the Company and approved by the Majority Convertible Bondholders (which approval shall not be unreasonably withheld) for the purpose of obtaining the Closing Price.

“Dividend” means any dividend or distribution, whether of cash, assets or other property, whenever paid or made and however described.

“Fair Market Value” means, with respect to any property on any date, the fair market value of that property as determined in good faith by the mutual agreement of the Company and the Majority Convertible Bondholders, provided that the Fair Market Value of a Cash Dividend paid or to be paid shall be the amount of such Cash Dividend and provided further that if the Company and the Majority Convertible Bondholders fail to determine the fair market value of that property, the said fair market value shall be determined by an independent valuer in Hong Kong, an independent financial institution in Hong Kong or an independent auditors in Hong Kong reasonably selected by the Company and approved by the Majority Convertible Bondholders (which approval shall not be unreasonably withheld).

“Trading Day” means a day on which trading of securities takes place on the Stock Exchange throughout its normal trading hours.

6.2 Events for Conversion Price Adjustment. The Conversion Price will be subject to automatic adjustment in the following events:

6.2.1 *Capitalisation issue, sub-division, consolidation and reclassification of Shares*

- (a) If and whenever there shall be an alteration to the number of Shares in issue by reason of any consolidation or sub-division or reclassification, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

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

where:

A = is the nominal amount of one Share immediately after such alternation;

and

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

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

- (b) If and whenever the Company shall issue (other than Scrip Dividend as defined in Condition 6.2.2) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

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

where:

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

and

D = 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.

6.2.2 *Scrip Dividend*

If the Company shall issue any Shares (the “**Scrip Dividend**”) in lieu of the whole or any part of a specifically declared cash dividend (the “**Relevant Cash Dividend**”), and the Current Market Price of such Shares as at the last Trading Day preceding the issue of such Shares exceeds 105% of the Relevant Cash Dividend, then the Conversion Price in effect immediately before the issue of such Shares shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \frac{N + B}{N + A}$$

where:

NCP = the new Conversion Price after such adjustment.

OCP = the old Conversion Price before such adjustment.

N = the aggregate nominal amount of the issued Shares immediately preceding the issue of shares by way of Scrip Dividend.

A = the aggregate nominal amount of Shares issued by way of Scrip Dividend.

B = the aggregate nominal amount of Shares issued by way of Scrip Dividend multiplied by a fraction of which (i) the numerator is the aggregate amount of the Relevant Cash Dividend; and (ii) the denominator is the Current Market Price of all the Shares issued by way of Scrip Dividend in lieu of such Relevant Cash Dividend.

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

6.2.3 *Capital Distribution*

If the Company shall pay or make to its shareholders any Capital Distribution (as defined in Condition 6.1) other than by way of Scrip Dividend, then the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \frac{CMP - fmv}{CMP}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.2.2.

CMP = the Current Market Price (as defined in Condition 6.1) per Share on the last Trading Day preceding the date on which the relevant Dividend is first publicly announced.

fmv = the portion of the Fair Market Value (as defined in Condition 6.1) attributable to one Share, with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Shares entitled to receive the relevant Dividend of the Capital Distribution.

6.2.4 *Cash Dividend*

If and whenever the Company shall pay or declare any Cash Dividend to the shareholders (other than Cash Dividend paid or declared in accordance with the normal dividend policy of the Company), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Cash Dividend by the following fraction:

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

where:

A = the Current Market Price (as defined in Condition 6.1) of one Share on the date for the determination of shareholders entitled to receive such Cash Dividend; and

B = the amount of Cash Dividend attributable to one Share.

Such adjustment shall become effective on the date on which such Cash Dividend is actually made or if a record date is fixed therefor, immediately after such record date.

6.2.5 *Offer to holders of Shares*

If and whenever the Company shall offer to holders of Shares new Shares for subscription by way of rights, or shall grant to holders of Shares any options or warrants to subscribe for new Shares, at a price less than 85% of the Current Market Price of such new Shares on the date of the announcement of the terms of the offer or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by a fraction of which:

- (a) the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate of the amount (if any) payable for the rights, options or warrants and of the amount payable for the total number of new Shares comprised therein would purchase at such Current Market Price; and
- (b) the denominator is the number of Shares in issue immediately before the date of such announcement plus the aggregate number of Shares offered for subscription or comprised in the options or warrants.

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

6.2.6 *Independent Financial Advisors / Independent Auditors*

Notwithstanding the provisions of Conditions 6.2.1 to 6.2.5, in any circumstances where the directors of the Company and/or the Majority Convertible Bondholders shall reasonably consider that an adjustment to the Conversion Price as a result of one or more events of circumstances not referred to in any other provision of Condition 6.2, the Company and/or the Majority Convertible Bondholders may appoint independent financial advisors in Hong Kong or independent auditors in Hong Kong reasonably selected by the Company and approved by the Majority Convertible Bondholders (which approval shall not be unreasonably withheld) to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the intentions of the provisions of Condition 6.2 and the relative interests of the persons affected thereby and, if such independent financial advisors or auditors shall, in good faith, consider this to be the case, whether the adjustment shall be made, shall be modified or nullified in such manner (including without limitation, making an adjustment calculated on a different basis) and/or the adjustment shall take effect from such other date and/or time as shall be certified by such independent financial advisors or auditors to be in their opinion appropriate.

The independent financial advisors or independent auditors shall act as expert and not arbitrator in connection therewith and their decisions shall be final and binding on the Company and each Holder of the Convertible Bonds. The costs and expenses of such expert shall be borne equally between the Company and each Holder of the Convertible Bonds unless otherwise agreed by them in writing.

6.2.7 *Certificate as to Adjustments*

Upon any adjustment in the Conversion Price, the Company shall within a reasonable period (not to exceed ten (10) Business Days) following any of the foregoing transactions deliver to each Holder of the Convertible Bonds a certificate, setting forth in reasonable detail the event requiring the adjustment and the method by which such adjustment was calculated and specifying the Conversion Price then in effect following such adjustment. The Company shall, upon the written request at any time of any Holder of the Convertible Bonds, furnish or cause to be furnished to such Holder of the Convertible Bonds a like certificate setting forth (i) such adjustments and re-adjustments, (ii) the Conversion Price at the time in effect, and (iii) the number of Shares which at the time would be received upon the conversion of the Convertible Bonds.

6.2.8 *No Adjustment*

Notwithstanding any of the foregoing, the adjustment provisions of Condition 6.2 shall not apply in any of the following circumstances:

- (a) issue and/or exercise of any share option in compliance with the Listing Rules or any share option scheme granted to and for the benefit of the employees of the Company which has been publicly disclosed by the Company;
- (b) an issue of Shares by the Company wholly for cash upon the exercise of any conversion, exchangeable or subscription rights attached to any securities (other than securities issued pursuant to any share option scheme) which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares; and
- (c) any issue of securities carrying rights to convert into or subscribe for Shares at a conversion price or subscription price not lower than the prevailing Conversion Price (as adjusted in accordance with Condition 6.2) as at the date of such issue.

6.2.9 Any adjustment to the Conversion Price shall be made to the nearest cent so that any amount under half of a cent shall be rounded down and any amount of half of a cent or more shall be rounded up. In no event shall any adjustment (otherwise than upon the consolidation or reclassification of Shares into Shares of a larger nominal amount) involve an increase in the Conversion Price.

6.2.10 If application of any of the provisions of this Condition 6.2 would but for this Condition 6.2.10 result in the Conversion Price being reduced so that on conversion Shares shall fall to be issued at a discount to their nominal

amount, then the Conversion Price shall be adjusted to an amount equal to the nominal amount of one Share.

7. COVENANTS

The Company covenants to each Holder of the Convertible Bonds that for so long as the Convertible Bonds remain outstanding:

- 7.1 the Company shall give prompt written notice to each Holder of the Convertible Bonds of any Event of Default (as defined in Condition 8.2) upon the occurrence thereof;
- 7.2 the Company shall not authorise or effect a voluntary liquidation of the Company;
- 7.3 the Company shall not in any way modify the rights attached to the Shares (except as contemplated under Condition 6) as a class or attach any special restrictions thereto except for any issue of securities by the Company carrying rights to convert into or subscribe for any Shares;
- 7.4 the Company shall procure that at no time shall there be in issue Shares of different nominal amounts other than arising from any consolidation or sub-division of the Shares;
- 7.5 the Company shall comply with and procure the compliance and fulfilment of all conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for the issue of the Convertible Bonds or the Conversion Shares and shall ensure the continued compliance and fulfilment thereof (provided in each case that each Holder of the Convertible Bonds complies with and satisfies all such conditions applicable to it);
- 7.6 the Company shall do all that is necessary to maintain in full force and effect any authorisation and/or approval required to enable it to perform its obligations under the Convertible Bonds, and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of the Convertible Bonds;
- 7.7 the Company shall use its best endeavours to maintain the current listing status of all the existing issued Shares and all the Conversion Shares on the Stock Exchange;
- 7.8 other than as expressly provided in these Conditions, the Company shall pay by relevant due date (i) the expenses of the issue of, and all expenses of obtaining listing or trading for, Conversion Shares arising on conversion of the Convertible Bonds; and (ii) all taxes and/or capital, stamp, issue and registration and transfer taxes and duties payable in respect of the issue of the Convertible Bonds; and
- 7.9 the Company shall not make any offer, issue or distribute or take any action the effect of which would be to reduce the Conversion Price below the nominal amount of the Shares of the Company.

8. EVENTS OF DEFAULT

- 8.1 If any Event of Default (as defined below) occurs and is continuing (whether it is voluntary or involuntary, or results from operation of law or otherwise), the Majority Convertible Bondholders shall, during the continuance of the Event of Default, have the right at their sole option (but are not obliged) to require by notice (the “**Default Notice**”) the Company to redeem the Convertible Bonds then outstanding at the

Principal Amount, plus accrued but unpaid interest up to, but excluding, the relevant redemption date.

- 8.2 If any Event of Default occurs and the Company fails to comply with Condition 8.1, the Holder of Convertible Bond shall, without prejudice to any rights it may have or under the Transaction Documents, be entitled to commence legal proceedings against the Company.
- 8.3 The occurrence of any one or more of the following events shall constitute an “**Event of Default**”:
- 8.3.1 the Shares cease to be listed or admitted to trading on the main board of Stock Exchange (which, for the avoidance of doubt, does not include any trading halt or suspension);
 - 8.3.2 the breach by the Company, the Major Shareholders or any members of the senior management of the Company of the Listing Rules or the Securities and Futures Ordinance which has led to a prosecution action or a disciplinary action or a punishment by the relevant authorities and has a Material Adverse Effect;
 - 8.3.3 the breach by the Company, the Major Shareholders or any members of the senior management of the Company of any law in the place of its incorporation or Hong Kong which has a Material Adverse Effect;
 - 8.3.4 it is or will become unlawful for the Company to perform or comply with any of its obligations under the Transaction Documents or would result in any material terms contained in the Conditions be or becoming unenforceable, or would otherwise render the Transaction Documents cease to be legal, valid, binding, enforceable, effective or inadmissible as evidence in court;
 - 8.3.5 other than the defaults specified in Conditions 8.3.6 and 8.3.7, the Company does not perform or comply with one or more of its obligations, covenants, warranties, undertakings or other terms under the Transaction Documents and where such default is incapable of remedy or, if in the opinion of the Holder capable of remedy, is not remedied within thirty (30) Business Days after written notice is delivered by the Holder to the Company;
 - 8.3.6 failure by the Company to make any payment of the Principal Amount or interest or any other amount in respect of the Convertible Bonds in the manner specified in Condition 4.2 within fifteen (15) Business Days after the due date of such payment;
 - 8.3.7 failure by the Company to deliver the required number of Shares as and when such Shares are required to be delivered following conversion of the Convertible Bonds;
 - 8.3.8 the Company or any of the Principal Subsidiaries is insolvent or bankrupt, or unable to pay all or substantially all of its debts and proposes or makes any agreement for the deferral, re-scheduling, re-adjustment, assignment or other composition arrangement of all or substantially all of its debts with the relevant creditors in respect of any of such debts, or a moratorium is agreed or declared or comes into effect in respect of or affecting all or substantially all of the debts of the Group as a whole;

- 8.3.9 a distress, attachment, execution 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 the Principal Subsidiaries, and is not discharged or stayed within thirty (30) Business Days;
- 8.3.10 any action, legal proceeding or other procedure or step is taken in relation to the suspension of payment, a moratorium of any indebtedness, bankruptcy, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Company or any of the Principal Subsidiaries, a composition, compromise, assignment or arrangement with any creditor of the Company or any of the Principal Subsidiaries, enforcement of any security over any assets of the Company or any of the Principal Subsidiaries;
- 8.3.11 an order is made or resolution passed for the winding-up or dissolution or bankruptcy of the Company or any of the Principal Subsidiaries, or the Company or any of the Principal Subsidiaries ceases to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation and any of the Company or the Principal Subsidiaries remains solvent and the obligations of the Company under the Conditions and the Convertible Bonds are unaffected;
- 8.3.12 an encumbrancer takes possession of or an administrator, liquidator, administrative receiver, compulsory manager or similar officer is appointed in respect of the whole or any substantial part of the property, assets or revenues of the Company or any of the Principal Subsidiaries and is not discharged within thirty (30) Business Days;
- 8.3.13 any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Company or any of the Principal Subsidiaries;
- 8.3.14 (i) any present or future material indebtedness of the Company or any of the Principal Subsidiaries for or in respect of moneys borrowed or raised exceeding HK\$100,000,000 becomes due and payable prior to its stated maturity by reason of any default or event of default and (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period;
- 8.3.15 one or more final judgements or orders for the payment of money are rendered against the Company or any Principal Subsidiary (“Persons”) and are not paid or discharged, and there is a period of 90 consecutive days following entry of the final judgement or order that causes the aggregate amount for all such final judgements or orders outstanding and not paid or discharged against all such Persons to exceed HK\$100,000,000 during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- 8.3.16 any of the representations and warranties made by the Company in the Transaction Documents were judicially determined to be untrue or misleading in any material respect at the time when such representations and warranties were made or repeated; and
- 8.3.17 any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings, requisitions or disputes are judicially determined to have a Material Adverse Effect; and

8.3.18 any event occurs which under the laws of any relevant jurisdiction has an analogous effect to the events referred to in Conditions 8.3.8 to 8.3.13.

Upon despatch of any Default Notice to the Company and to the extent permitted by law, the Convertible Bonds shall immediately become due and payable at 100% of the Principal Amount plus accrued but unpaid interest and overdue interest which shall be payable at the rate of 20% per annum from the date on which such amounts first become due.

For the purposes of these Conditions:

"Principal Subsidiaries" means any Subsidiary of a Person:

- (a) whose gross revenues (consolidated in the case of a Subsidiary which has Subsidiaries) attributable to the Person, as shown by its latest audited income statement are at least 10% of the consolidated gross revenues of the Person and its consolidated Subsidiaries as shown by the latest published audited income statement of the Person and its consolidated Subsidiaries; or
- (b) whose gross assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Person, as shown by its latest audited balance sheet, are at least 10% of the consolidated gross assets of the Person and its consolidated Subsidiaries as shown by the latest published audited consolidated balance sheet of the Person and its consolidated Subsidiaries, including the investment of the Person and its consolidated Subsidiaries in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Person and of associated companies and after adjustment for minority interests,

provided that, in relation to paragraphs (a) and (b) above:

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Person relate, the reference to the then latest consolidated audited accounts of the Person and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Person for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Person and its Subsidiaries adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (ii) if at any relevant time in relation to the Person or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, gross revenues or gross assets of the Person and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Person for the purposes of preparing a certificate thereon to the Fiscal Agent;
- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its gross assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Person for the purposes of preparing a certificate thereon to the Fiscal Agent; and

- (iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Person, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Person, or
 - (c) to which it transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to become a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraph (a) or (b) above;
- 8.4 At the same time when the redemption amount is due and payable, the Company shall also pay such Holders of the Convertible Bonds any taxes, fees, costs, charges, duties and expenses due under the Transaction Documents in respect of the Convertible Bonds. The Company shall not be responsible for any tax which may be incurred, or as a result of the holding or dealings of the Convertible Bonds and/or the Conversion Shares, by the Holders of the Convertible Bonds (whether direct or indirect), including but not limiting to (1) income tax, revenue tax, capital gain tax or any other taxes of similar nature which may arise or be incurred by the Holders of the Convertible Bonds by reason of or in connection with the place of incorporation or place of origin of the Holders of the Convertible Bonds or the place where any profit or gain attributable to the Convertible Bonds and/or the Conversion Shares by the Holders of the Convertible Bonds has been derived from or (2) stamp duty, transfer tax, transaction tax or any other taxes of similar nature which may arise or be incurred by the Holders of the Convertible Bonds by reason of or in connection with any transfer, sale or dealings of the Convertible Bonds and/or the Conversion Shares by Holders of the Convertible Bonds.

9. GOVERNING LAW AND JURISDICTION

- 9.1 These Conditions are governed by and shall be construed in accordance with Hong Kong law.
- 9.2 The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with these Conditions and accordingly any legal action or proceedings arising out of or in connection with these Conditions may be brought in such courts.

10. MISCELLANEOUS

- 10.1 Taxation. All payments of the Principal Amount and interest made by the Company 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 the Cayman Islands, Hong Kong or any authority thereof or therein having power to tax (each a “**Relevant Tax Jurisdiction**”), unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In the event that any such deduction or withholding in respect of Principal Amount or interest is required by

Applicable Laws, the Company will pay such additional amounts (the “**Additional Tax Amounts**”) by way of Principal Amount or interest as will result in the receipt by each Holder of the Convertible Bonds of the amounts which would otherwise have been receivable had no such withholding or deduction been required.

- 10.2 Waiver. The Company agrees that no omission or delay by any Holder of the Convertible Bonds in exercising any right under the Convertible Bonds shall operate as a waiver, and the single or partial exercise of any such right or rights shall not preclude any other further exercise of such right or rights of any Holder of the Convertible Bonds. The rights and remedies provided in the Convertible Bonds are cumulative and not exclusive of any rights or remedies provided by law.
- 10.3 Meeting of the Holders of the Convertible Bonds and Amendment. The Holders of the Convertible Bonds may convene a meeting amongst themselves to consider any matter relating to the Convertible Bonds and/or the Conditions which is required to be decided by the Holders of the Convertible Bonds. The provisions of Exhibit C relating to the meetings of the Holders of the Convertible Bonds shall have full effect as if the same had been incorporated herein. The Convertible Bonds may not be varied, expanded, amended or modified except by a written agreement and/or deed executed by the Company and the Majority Convertible Bondholders and any such variation, expansion, amendment and modification shall be notified to the Holders of the Convertible Bonds generally and shall be binding on the Company and all Holders of the Convertible Bonds. The Company may however with prior written notice to the Holders of the Convertible Bonds, amend the terms of the Convertible Bonds if, in the reasonable opinion of the Company, having consulted with its financial advisors, legal advisors or auditors, such amendment is of a formal, minor or technical nature, corrects a manifest error or is necessary to reflect the requirements of any applicable law. Any such amendment will be binding on the Holders of the Convertible Bonds.
- 10.4 Severability. Any provision of the Convertible Bonds that is prohibited or unenforceable in a jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.
- 10.5 Heading; References. All headings used herein are used for convenience only and shall not be used to construe or interpret the Convertible Bonds. Except as otherwise indicated, all references herein to Conditions refer to Conditions hereof.
- 10.6 Fees and Expenses. The Company shall be responsible and pay by relevant due date all taxes and/or capital, stamp, issue and registration and transfer taxes and duties payable in respect of the allotment and issue of the Convertible Bonds and all expenses arising on the issue of the Convertible Bonds, including all properly incurred expenses and charges in connection thereon.
- 10.7 Exclusion of Rights of Third Parties. Except as herein provided, these Conditions are not intended to and does not give any person (other than each Holder of the Convertible Bonds) any right to enforce any provisions of these Conditions under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong), and a person (other than each Holder of the Convertible Bonds) shall not have any right under the said Ordinance to enforce any provisions of these Conditions.

**EXHIBIT A
FORM OF CONVERSION NOTICE**

Date: _____ (“Conversion Date”)

To: **RISECOMM GROUP HOLDINGS LIMITED**

Re: **Conversion Notice in relation to the Convertible Bonds (the “Convertible Bonds”) of RISECOMM GROUP HOLDINGS LIMITED (the “Company”) with an aggregate Principal Amount of HK\$150,000,000**

Dear Sirs:

Capitalised terms used herein and not otherwise defined shall have their respective meanings as set forth in the Convertible Bonds Instrument.

We, Holder of Convertible Bonds, hereby deliver this Conversion Notice pursuant to Condition 5.3 of the Convertible Bonds and hereby notify the Company of the exercise of the conversion right set forth in Condition 5.1 of the Convertible Bonds to convert all or part of the outstanding Principal Amount of the Convertible Bonds.

Aggregate outstanding Principal Amount of the Convertible Bonds to be converted:
HK\$ _____

Total Shares to be issued to the relevant Holder of the Convertible Bonds:

Please kindly issue to us such number of Shares issuable upon conversion of the Convertible Bonds in accordance with this Conversion Notice and with the provisions of Condition 5.1 of the Convertible Bonds to the following entity(ies):

Name: _____

Address: _____

Number of Shares to be issued: _____

Yours faithfully

By: _____

Name: _____

Title: _____

**EXHIBIT B
FORM OF TRANSFER**

Date: _____

To: RISECOMM GROUP HOLDINGS LIMITED

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Dear Sirs:

Re: Transfer Form in relation to the Convertible Bonds (the “Convertible Bonds”) of RISECOMM GROUP HOLDINGS LIMITED (the “Company”) with an aggregate Principal Amount of HK\$150,000,000

FOR VALUE RECEIVED the relevant Holder of the Convertible Bonds hereby transfers to the transferee (the “Transferee”) whose particulars are set out below HK\$_____ Principal Amount of the Convertible Bonds, and all rights in respect thereof and irrevocably requests the Company to register and to issue new Convertible Bonds in accordance with the terms of these Bonds (as it may be amended from time to time).

Capitalised terms used herein and not otherwise defined shall have their respective meanings as set forth in the terms and conditions of the Convertible Bonds.

Particulars of the Transferee are as follows:-
(PLEASE PRINT OR TYPE IN THE RELEVANT INFORMATION)

Name of Transferee:	
Registered Address:	
Correspondence Address:	

Facsimile & Attention:

Hong Kong dollar registered account for the purposes of payments under the Convertible Bonds:	<ul style="list-style-type: none">• Name of Account• Account No.• Sort Code:• Name of Bank:• Bank Address:
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The Transferee hereby irrevocably represents, warrants, and undertakes to the Company that it is not a connected person of the Company (as defined under the Listing Rules).

Yours faithfully

.....
for and on behalf of
[NAME OF TRANSFEROR]

.....
for and on behalf of
[NAME OF TRANSFEREE]

EXHIBIT C

PROVISIONS FOR MEETINGS OF THE HOLDERS OF THE CONVERTIBLE BONDS

1. The Company may, or upon a request in writing of the Holders of the Convertible Bonds (holding not less than 10% of the aggregate outstanding principal amount of the Convertible Bonds for the time being), at any time convene a meeting of the Holders of the Convertible Bonds. Every such meeting shall be held at such place the Company may deem appropriate.
2. At least fourteen days' notice of any meeting of the Holders of the Convertible Bonds shall be given to the Holders of the Convertible Bonds. The notice shall specify the day, time and place of the meeting and the terms of the resolutions to be proposed. The accidental omission to give notice to, or the non-receipt of notice by, any of the Holders of the Convertible Bonds shall not invalidate the proceedings at any meeting.
3. The Holders of the Convertible Bonds present at the meeting shall choose one of their members to be chairman.
4. At any such meeting two or more persons or entities holding Convertible Bonds and/or being proxies and being or representing in the aggregate the holders of not less than 50% of the aggregate outstanding principal amount of the Convertible Bonds for the time being shall form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business.
5. If within half an hour from the time appointed for any meeting of the Holders of the Convertible Bonds a quorum is not present, the meeting will be dissolved.
6. The chairman may with the consent of (and will if directed by) any meeting adjourn the same from time to time and from place to place but no business will be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.
7. Every question submitted to a meeting will be decided in the first instance by a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman or by the Company or by one or more persons holding one or more Convertible Bonds or being proxies or representatives and holding or representing in the aggregate not less than 10% of the aggregate principal amount of the Convertible Bonds for the time being outstanding. A declaration by the chairman in respect of a vote by a show of hands that a resolution has been carried or carried by, or lost or not carried by, a Holder of the Convertible Bonds holding, or Holders of the Convertible Bonds together holding not less than 50% of the then outstanding principal amount of the Convertible Bonds, will be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
8. If at any meeting a poll is demanded in accordance with paragraph 7 of this Exhibit, it will be taken in such manner and, either at once or after such an adjournment, as the chairman directs and the result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll will not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Any poll demanded at any meeting on the election of a chairman or on any question of adjournment will be taken at the meeting without adjournment.
9. At any meeting of the Holders of the Convertible Bonds:

- (a) on a show of hands every person who is present in person and produces a Convertible Bond or is a proxy or a representative will have one vote; and
 - (b) on a poll every person who is so present will have one vote in respect of each HK\$100,000 in the principal amount of the Convertible Bond held by that person or in respect of which he is a proxy or a representative. Any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.
10. In the case of an equality of votes, the chairman will, both on a show of hands and a poll, have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Holder of the Convertible Bonds or as a proxy.
11. Every question submitted to a meeting of Holders of the Convertible Bonds shall be decided by passing a resolution as a Holder of the Convertible Bonds holding, or Holders of the Convertible Bonds together holding not less than 50% of the then outstanding principal amount of the Convertible Bonds.

A written resolution signed by or on behalf of a Holder of the Convertible Bonds holding, or Holders of the Convertible Bonds together holding not less than 50% of the then outstanding principal amount of the Convertible Bonds shall be as valid and effective as a duly passed resolution.

12. The Company (through its representatives) and the legal and financial advisers of the Company and the Holders of the Convertible Bonds and the legal and financial advisers of the Holders of the Convertible Bonds shall be entitled to attend and speak at any meeting of the Holders of the Convertible Bonds. Save as aforesaid, no person or entity shall be entitled to attend, speak or vote at any meeting of the Holders of the Convertible Bonds or to join with others in requesting the convening of such a meeting unless he is a Holder of the Convertible Bonds or the duly authorised representative of a corporate Holder of the Convertible Bonds or a duly appointed proxy. The Company shall not be entitled to vote in respect of any Convertible Bonds held by it or on its behalf nor shall the holding of any such Convertible Bonds count towards a quorum.
13. A proxy need not be a Holder of the Convertible Bonds. Every instrument of proxy shall be in such form as the Company may from time to time approve. To be valid, the form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the principal office of the Company for the time being in Hong Kong at least 48 hours before the time approved for the holding of the meeting or adjourned meeting as the case may be provided that the Company may from time to time prescribe such additional or other regulations concerning the deposit of proxy forms as the directors of the Company think fit.
14. The following powers shall be exercisable only, and in such manner as may be determined, by the votes cast by a Holder of the Convertible Bonds holding, or Holders of the Convertible Bonds together holding not less than 66.7% of the then outstanding principal amount of the Convertible Bonds:-
- (a) power to sanction any compromise or arrangement proposed to be made between the Company and the Holders of the Convertible Bonds or any of them;
 - (b) power to sanction any proposal by the Company for abrogation or compromise of the rights of each Holder of the Convertible Bonds against the Company whether such rights shall arise under this Condition or otherwise;

- (c) power to sanction any proposal by the Company for the exchange or substitution for the Convertible Bonds of, or the conversion of the Convertible Bonds into, shares, stock, bonds, debentures, debenture stock or other obligations or securities of the Company or of any other body corporate formed or to be formed;
 - (d) subject to Condition 11.3, power to assent to any modification of the Conditions and/or the conditions which may be proposed by the Company and which may materially and adversely affect the rights of each Holder of the Convertible Bonds;
 - (e) power to authorise any person to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any decision by the votes cast by a Holder of the Convertible Bonds holding, or the Holders of the Convertible Bonds together holding not less than 66.7% of the then outstanding principal amount of the Convertible Bonds;
 - (f) power to discharge or exonerate any person or entity from any liability in respect of any act or omission for which such person or entity may have become responsible under the Convertible Bonds or the Conditions;
 - (g) power to give any authority direction or sanction which under the Conditions is required to be given by the votes cast by a Holder of the Convertible Bonds holding, or the Holders of the Convertible Bonds together holding not less than 66.7% of the then outstanding principal amount of the Convertible Bonds; and
 - (h) power to appoint any persons or entities (whether the Holders of the Convertible Bonds or not) as a committee or committees to represent the interests of the Holders of the Convertible Bonds and to confer upon such committee or committees any powers or discretion which could be exercised by the votes cast by a Holder of the Convertible Bonds holding, or the Holders of the Convertible Bonds together holding not less than 66.7% of the then outstanding principal amount of the Convertible Bonds.
15. The decision by the votes cast by a Holder of the Convertible Bonds holding, or the Holders of the Convertible Bonds together holding not less than 66.7% of the then outstanding principal amount of the Convertible Bonds shall be binding upon all Holders of the Convertible Bonds, whether present or not present at such meeting, and each Holder of the Convertible Bonds shall be bound to give effect thereto accordingly. The passing of a resolution approved by a Holder of the Convertible Bonds holding, or the Holders of the Convertible Bonds together holding not less than 66.7% of the then outstanding principal amount of the Convertible Bonds shall be conclusive evidence that the circumstances of such resolution justified the passing thereof.

A written resolution signed by or on behalf of a Holder of the Convertible Bonds holding, or Holders of the Convertible Bonds together holding not less than 66.7% of the then outstanding principal amount of the Convertible Bonds shall be as valid and effective as a duly passed resolution.

16. Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Company, and any such minutes, if the same are signed by the chairman of the meeting at which such resolutions were passed or proceedings transacted or by the chairman of the next succeeding meeting of the Holders of the Convertible Bonds, shall be conclusive evidence of the matters therein contained and, until the contrary is proved, every meeting in respect of the proceedings of which minutes have been made and signed as aforesaid shall be deemed to have been duly

convened and held and all resolutions passed or proceedings transacted thereat to have been duly passed and transacted.

This **SUPPLEMENTAL DEED** has been entered into as a deed on the date stated at the beginning of this **SUPPLEMENTAL DEED**.

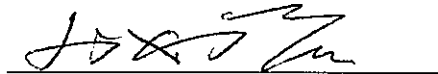
THE COMMON SEAL of)
RISECOMM GROUP HOLDINGS LIMITED)
was hereunto affixed to this Supplemental Deed)
in accordance with its Articles of Association)
in the presence of:)

Director:

Director / Secretary:

This **AMENDMENT AGREEMENT** has been entered into as a deed on the date stated at the beginning of this **AMENDMENT AGREEMENT**.

THE COMMON SEAL of)
RISECOMM GROUP HOLDINGS LIMITED)
was hereunto affixed to this Amendment Agreement)
in accordance with its Articles of Association)
in the presence of:)

A handwritten signature in black ink, appearing to be 'J. X. J. M.', is written above a horizontal line.

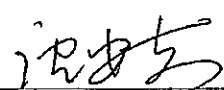
Director:

Director / Secretary:

This **AMENDMENT AGREEMENT** has been entered into as a deed on the date stated at the beginning of this **AMENDMENT AGREEMENT**.

THE COMMON SEAL of)
RISECOMM GROUP HOLDINGS LIMITED)
was hereunto affixed to this Amendment Agreement)
in accordance with its Articles of Association)
in the presence of:)

Director:



Director / Secretary:

Executed as a deed by

SOFTWARE RESEARCH ASSOCIATES, INC. (株式会社 SRA)

By:

A handwritten signature in black ink, consisting of several loops and flourishes, positioned below the 'By:' label.

Name: Toru Kashima

Title: Director