

Execution version

Dated this the 30th day of January 2014

**STARLIGHT INTERNATIONAL HOLDINGS
LIMITED**

AND

ACHIEVE PROSPER CAPITAL LIMITED

**SUBSCRIPTION AGREEMENT
in respect of
HK\$75,000,000 convertible note(s) of
STARLIGHT INTERNATIONAL HOLDINGS
LIMITED**

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THIS AGREEMENT is made on the 30th day of January 2014

BETWEEN:

- (1) **STARLIGHT INTERNATIONAL HOLDINGS LIMITED**, a company incorporated in Bermuda with limited liability whose registered office is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and having a principal place of business in Hong Kong at 5th Floor, Shing Dao Industrial Building, 232 Aberdeen Main Road, Hong Kong (the "**Issuer**"); and
- (2) **ACHIEVE PROSPER CAPITAL LIMITED**, a company incorporated in Samoa with limited liability and whose registered office is at Offshore Chambers, P.O. Box 217, Apia, Samoa (the "**Subscriber**").

WHEREAS:

- (A) The Issuer was incorporated as a limited liability company under the laws of Bermuda.
- (B) As at the date of this Agreement, the Company has an authorised share capital of HK\$500,000,000 divided into 5,000,000,000 Shares, of which 1,997,830,751 Shares have been issued and are fully paid or credited as fully paid. The issued Shares are listed and traded on the Main Board of the Stock Exchange.
- (C) The Issuer has agreed with the Subscriber to issue and the Subscriber has agreed to subscribe for, or procure the subscription of, the Note (as defined below) upon and subject to the terms and conditions set out in this Agreement.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. DEFINITION AND DEFINITIONS

- 1.1 In this Agreement (including the Recitals and the Schedules), the words and expressions set out below shall have the meanings attributed to them below unless the context otherwise requires:

"Affiliate"	in respect of a company, means any subsidiary or holding company of such company or any subsidiary of any of the holding companies of such company;
"Agreement"	this Subscription Agreement, as varied, amended, modified or supplemented from time to time;
"Business Day"	a day, other than a Saturday and a day on which a tropical cyclone warning 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 are open for general banking business in Hong Kong throughout their normal business hours;
"Certificate"	the certificate, substantially in the form set out in <u>Schedule 1</u> , to be issued in respect of the Note, together with the Conditions;
"Code"	the Hong Kong Code on Takeovers and Mergers;
"Completion"	completion of the transactions contemplated herein pursuant to <u>Clause 4</u> and <u>Schedule 2</u> ;

“Completion Date”	the fifth (5 th) Business Day after the date on which all the Conditions Precedent are fulfilled or waived in accordance with <u>Clause 3</u> (or such other date as may be agreed between the Issuer and the Subscriber);
“Conditions”	the terms and conditions of the Note to be attached to the Certificate substantially in the form set out in <u>Schedule 1</u> (with such amendments thereto as the parties may agree), and a “Condition” refers to the relative numbered paragraph of the Conditions;
“Conditions Precedent”	the conditions precedent set out in <u>Clause 3.1</u> ;
“Conversion Shares”	shall have the same meaning as ascribed to such term in the Conditions;
“Encumbrance”	shall have the same meaning as ascribed to such term in the Conditions;
“Equity Share Capital”	shall have the same meaning as ascribed to such term in the Conditions;
“Group”	the Issuer and its subsidiaries from time to time and “member of the Group” and “Group Companies” shall be construed accordingly and “member of the Group” or “Group Company” shall mean any of them;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Independent Shareholders”	shareholders of the Company other than those who are required to abstain from voting in respect of the resolutions approving this Agreement, the issue of the Note and the issue and allotment of the Conversion Shares pursuant to the Listing Rules and/or the Code, as the case may be;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issuer Warranties”	the representations, warranties and undertakings contained in <u>Clause 5.1</u> and <u>Schedule 3</u> ;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Note”	the convertible note(s) in the aggregate principal amount of HK\$75,000,000 to be issued by the Issuer on the Completion Date pursuant to this Agreement with the benefit of and subject to the Conditions or, as the context may require, any part of the principal amount thereof;
“Noteholder(s)”	the person(s)/entity(ies) who is/are for the time being the holder(s) of the Note;
“Offers”	has the meaning set out in Clause 1.01 of the SPA;
“PRC”	the People’s Republic of China;

- “Shares”** ordinary shares of HK\$0.10 each in the issued share capital of the Issuer existing on the date of this Agreement and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) stock or shares in the Equity Share Capital resulting from any sub-division, consolidation or re-classification thereof;
- “SPA”** the Sale and Purchase Agreement entered or to be entered into between the Subscriber as purchaser and Lau Sak Hong, Philip, Philip Lau Holding Corporation, Wincard Management Services Limited, Lau Sak Kai, Anthony, Lau Sak Yuk, Andy, Lau Shek Yuen, Lau Sek Hoi, Jacky, Lau Chu Lan, Carol and Lau Sak Kong, Stanley as vendors on or about the date of this Agreement in relation to the sale and purchase of 1,076,758,361 Shares of the Company;
- “Stock Exchange”** The Stock Exchange of Hong Kong Limited;
- “Subscriber Warranties”** the representations, warranties and undertakings contained in Clause 5.2 and Schedule 4;
- “trading day”** a day on which trading of the Shares is conducted on the Stock Exchange in accordance with the rules and regulations of the Stock Exchange promulgated from time to time;
- “Warranties”** the Issuer Warranties and the Subscriber Warranties.
- 1.2 The Schedules form an integral part of this Agreement and shall be construed and have the same full force and effect as if expressly set out in the main body of this Agreement.
- 1.3 Except as otherwise expressly provided, expressions defined in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) have the same meaning in this Agreement.
- 1.4 A reference to a statute or statutory provision includes a reference:
- (a) to that statute or provision as from time to time modified or re-enacted; and
 - (b) to any orders, regulations, instruments or other subordinate legislation made under the relevant statute or statutory provision.
- 1.5 Unless the context otherwise requires:
- (a) words in the singular include the plural, and vice versa;
 - (b) words importing any gender include all genders; and
 - (c) a reference to a person includes a reference to a body corporate and to an unincorporated body of persons.
- 1.6 A reference to a Clause, Recital or Schedule is to a clause, recital or schedule (as the case may be) of or to this Agreement.

1.7 The headings are for convenience only and do not affect interpretation.

2. ISSUE AND SUBSCRIPTION OF THE NOTE

2.1 Subject to Clause 3, the Subscriber shall subscribe for, or procure the subscription of, and the Issuer shall (against payment in full of the aggregate principal amount of the Note) issue to the Subscriber and/or its nominee(s), the Note on Completion.

2.2 The Note shall be issued at its full face value to the Subscriber and/or its nominee(s) and on the terms and subject to the Conditions in a denomination in the aggregate principal amount of HK\$75,000,000 or in such other denomination as may be agreed by the Subscriber and the Issuer.

3. CONDITIONS PRECEDENT

3.1 It shall be the conditions precedent for Completion that prior thereto:

- (a) the passing by the majority shareholders of the Company or Independent Shareholders (as the case may be) at the special general meeting of the Company resolutions approving this Agreement, the issue of the Note, the issue and allotment of the Conversion Shares and the transactions contemplated thereunder;
- (b) the granting of the approval by the Stock Exchange the listing of, and the permission to deal in, the Conversion Shares and such approval not having been revoked;
- (c) (if required) the Bermuda Monetary Authority granting its consent to the issue of the Note and the issue and allotment and free transferability of the Conversion Shares;
- (d) the closing of the Offers;
- (e) the Issuer Warranties remaining true and accurate in all material respects and not misleading in any material respect as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date; and
- (f) the completion of the sale and purchase of the transactions contemplated under the SPA in accordance with its terms.

3.2 The Issuer undertakes to the Subscriber to use its best endeavours to procure that the Conditions Precedent (other than the Conditions Precedent set out in Clauses 3.1(d) and (f) above are fulfilled by not later than 31 May 2014 (or such other date as the Issuer and the Subscriber may agree in writing), except that the Condition Precedent specified in Clause 3.1(e) shall be fulfilled simultaneously upon Completion. The Subscriber shall use its best endeavours to procure that the Conditions Precedent set out in Clauses 3.1(d) and (f) are fulfilled.

3.3 The Issuer shall, as soon as practicable after the fulfilment of the Conditions Precedent, notify the Subscriber of such fulfilment, except that the Condition Precedent specified in Clause 3.1(e) shall be fulfilled simultaneously upon Completion.

3.4 The Subscriber may at any time waive in writing the Condition Precedent specified in Clause 3.1(e) and such waiver may be made subject to such terms and conditions as the Subscriber may reasonably require.

- 3.5 If the Conditions Precedent have not been fulfilled (or waived by the Subscriber in whole or in part) on or before 31 May 2014 (or such other date as may be agreed between the Issuer and the Subscriber in writing), this Agreement will lapse and become null and void and the parties will be released from all obligations hereunder, save for liabilities for any antecedent breaches hereof.

4. COMPLETION

Subject to fulfilment or waiver of the Conditions Precedent in accordance with Clause 3 (except that the Condition Precedent specified in Clause 3.1(e) shall be fulfilled simultaneously upon Completion), Completion shall take place at such place and such time as the Issuer and the Subscriber may agree in writing on the Completion Date and each party shall perform its respective obligations set out in Schedule 2.

5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- 5.1 The Issuer hereby represents, warrants and undertakes to the Subscriber in the terms set out in this Clause 5 and Schedule 3 as at the date hereof and as at Completion.
- 5.2 The Subscriber hereby represents, warrants and undertakes to the Issuer in the terms set out in this Clause 5 and Schedule 4 as at the date hereof and as at Completion.
- 5.3 The Issuer is deemed to have repeated all the Issuer Warranties on the basis that such Issuer Warranties will, at all times from the date of this Agreement up to and including the Completion Date, be true, complete and accurate in all material respects (with respect to the facts and circumstances subsisting at such time except as specifically provided otherwise) and such Issuer Warranties shall have effect as if given at each of such times as well as the date of this Agreement.
- 5.4 The Subscriber is deemed to have repeated all the Subscriber Warranties on the basis that such Subscriber Warranties will, at all times from the date of this Agreement up to and including the Completion Date, be true, complete and accurate in all material respects (with respect to the facts and circumstances subsisting at such time except as specifically provided otherwise) and such Subscriber Warranties shall have effect as if given at each of such times as well as the date of this Agreement.
- 5.5 Each Warranty shall be construed as a separate warranty and (save as expressly provided to the contrary) shall not be limited or restricted by reference to or inference from the terms of any other Warranty or any other terms of this Agreement.
- 5.6 If any party fails to perform any of its obligations in any material respect (including its obligation at Completion) under this Agreement or breaches any of the terms set out in this Agreement or any Warranties given by it in any material respect prior to Completion, then without prejudice to all and any other rights and remedies available at any time to a non-defaulting party (including but not limited to the right to damages for any loss suffered by that party), any non-defaulting party may by notice either require the defaulting party to perform such obligations or, insofar as the same is practicable, remedy such breach or to the extent it relates to the failure of the defaulting party to perform any of its obligations on or prior to Completion in any material respect, treat the defaulting party as having repudiated this Agreement and rescind the same, whereupon neither party shall be obliged to perform any of its obligations hereunder and shall not have any claim against each other, except in respect of claims arising out of any antecedent breach of this Agreement. The rights conferred upon the respective parties by the provisions of this Clause 5 do not prejudice any other rights the respective parties may have under law. Failure to exercise any of the rights herein conferred shall not constitute a waiver of any such rights.

- 5.7 The Issuer agrees to indemnify and hold harmless the Subscriber from and against any and all loss, liability, claim, damages and expense whatsoever, as reasonably incurred, arising out of any breach of any of the Issuer Warranties and obligations under this Agreement.
- 5.8 The Subscriber agrees to indemnify and hold harmless the Issuer from and against any and all loss, liability, claim, damages and expense whatsoever, as reasonably incurred, arising out of any breach of any of the Subscriber Warranties and obligations under this Agreement.
- 5.9 The Issuer acknowledges that the Subscriber is entering into this Agreement in reliance on the Issuer Warranties.

6. ANNOUNCEMENT

- 6.1 Subject as provided in Clause 6.3, none of the parties shall, without the prior written consent of the other party, disclose the terms of, or any matters referred to in, this Agreement except to its professional advisers and senior management whose province is to know such terms or matters and to those persons to whom it may be necessary to disclose such terms or matters for the purpose of or in connection with this Agreement and subject as required by law or by the SFC and/or the Stock Exchange or by virtue of the Code or of any other regulatory requirements.
- 6.2 Subject as provided in Clause 6.3 none of the parties shall make any public announcement in relation to the transactions the terms of which are set out in this Agreement or the transactions or arrangements hereby contemplated or herein referred to or any matter ancillary hereto or thereto without the respective prior written consents of the other party (which consents shall not be unreasonably withheld or delayed).
- 6.3 Clause 6.1 and Clause 6.2 shall not apply to any announcement required to be made pursuant to the Code or the Listing Rules. Each party agrees to consult with the other parties about the contents of its announcements unless it is not reasonably practicable to do so.
- 6.4 Each of the Issuer and the Subscriber undertakes that prior to Completion and thereafter it will not (save as required by law, any regulatory requirement, the Stock Exchange or the SFC) make any announcement in connection with this Agreement or the transactions or arrangements contemplated hereunder or referred to herein unless the other party shall have given its consent to such announcement (which consent may not be unreasonably withheld or delayed and may be given either generally or in a specific case or cases and may be subject to conditions).

7. NOTICES

- 7.1 Any notice or other communication to be given under this Agreement shall be in writing and may be given or made by facsimile or by first class pre-paid post. Any such notice or communication shall be sent to the party to whom it is addressed and must contain sufficient reference and/or particulars to render it readily identifiable with the subject matter of this Agreement. If so given by facsimile, such notice or communication shall be deemed received on the date of despatch; if so sent by post to an address in Hong Kong, shall be deemed to be received two (2) Business Days after the date of despatch; and, if so sent by air-mail to an address outside Hong Kong, shall be deemed received seven (7) Business Days after the date of despatch.
- 7.2 The relevant address and facsimile number of each party for the purpose of this Agreement are as follows:

<u>Name of party</u>	<u>Address</u>	<u>Facsimile Number</u>	<u>Attention</u>
The Issuer	5/F, Shing Dao Industrial Building, 232 Aberdeen Main road, Hong Kong	+852 2814 7850	Board of Directors
The Subscriber	Rooms 05-15, 13A/F., South Tower, World Finance Centre, Harbour City, 17 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	+852 2388 7900	Board of Directors

8. GENERAL PROVISIONS RELATING TO THIS AGREEMENT

- 8.1 As regards any date or period time shall be of the essence of this Agreement.
- 8.2 Each party undertakes to the other to execute or procure to be executed all such documents and to do or procure to be done all such other acts and things as may be reasonable and necessary to give all parties the full benefit of this Agreement.
- 8.3 This Agreement shall be binding on and enure for the benefit of the successors of each of the parties and shall not be assignable.
- 8.4 The exercise of or failure to exercise any right or remedy in respect of any breach of this Agreement shall not, save as provided herein, constitute a waiver by such party of any other right or remedy it may have in respect of that breach.
- 8.5 Any right or remedy conferred by this Agreement on any party for breach of this Agreement (including without limitation the breach of any Warranties) shall be in addition and without prejudice to all other rights and remedies available to it in respect of that breach.
- 8.6 Any provision of this Agreement which is capable of being performed after Completion but which has not been performed at or before Completion and all Warranties shall remain in full force and effect notwithstanding Completion.
- 8.7 No variation of this Agreement shall be effective unless made in writing and signed by all of the parties.
- 8.8 This Agreement supersedes all and any previous agreements, arrangements or understanding among the parties relating to the matters referred to in this Agreement and all such previous agreements, arrangements or understanding (if any) shall cease and determine with effect from the date hereof.
- 8.9 If at any time any provision of this Agreement is or becomes illegal, void or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.
- 8.10 This Agreement may be executed by the parties hereto in any number of counterparts and on separate counterparts, each of which when so executed shall be deemed an original but all of which shall constitute one and the same instrument and is binding on all parties.

9. GOVERNING LAW AND JURISDICTION

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

- 9.2 Each party hereby submits to the non-exclusive jurisdiction of the courts of Hong Kong as regards any claim or matter arising under this Agreement and agrees that process may be served at the address for service of notices pursuant to Clause 7.
- 9.3 The Subscriber irrevocably appoints Hong Kong Shihua Holdings Limited (a company incorporated in Hong Kong with company registration number 2011504) of Rooms 05-15, 13A/F., South Tower, World Finance Centre, Harbour City, 17 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong as its process agent to receive on its behalf service of any writ, summons, order, judgment or other notice of legal process in Hong Kong. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Purchaser). If for any reason such process agent ceases to be able to act as process agent, or no longer has an address in Hong Kong, the Subscriber irrevocably agrees to appoint a substitute process agent having an address in Hong Kong and to deliver to the Company a copy of the new process agent's acceptance of that appointment within five (5) Business Days.

SCHEDULE 1
FORM OF CERTIFICATE

Principal amount:
HK\$[75,000,000]

Certificate no.: [•]

STARLIGHT INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

HK\$[75,000,000] THREE (3) PER CENT. CONVERTIBLE NOTE DUE [•]

Issued pursuant to the memorandum of association and bye-laws of Starlight International Holdings Limited (“**Issuer**”) and a resolution of its board of directors passed on [•].

THIS IS TO CERTIFY that [•] whose registered address is at [•] is the registered holder (“**Noteholder**”) of the above-mentioned convertible note (“**Note**”) for and in respect of the principal amount of HK\$75,000,000 (which amount is also set out on the top left hand side of this certificate of the Note (“**this Certificate**”). The Note is issued on the date stated below with the benefit of and subject to the terms and conditions attached hereto (“**Conditions**”) which shall form an integral part of this Certificate.

The Noteholder is entitled to require the Issuer to convert the whole of the principal amount outstanding under this Note into ordinary shares in the capital of the Issuer subject to and in accordance with the Conditions.

Subject to the foregoing, the Issuer, for value received, promises to redeem the Note and pay the principal amount outstanding under the Note together with all interests accrued thereon to the Noteholder in accordance with the Conditions.

This Certificate is governed by, and shall be construed in accordance with, the laws of the Hong Kong Special Administrative Region of the People’s Republic of China.

GIVEN under the Common Seal of [•] on [•].

Director

Secretary/Director

Note:

The Note shall be issued only in registered form and is only transferable or assignable to the extent permitted under Condition 2 of the terms and conditions attached hereto. This Certificate must be delivered to the Issuer for cancellation and reissue of an appropriate certificate in the event of any such transfer or assignment.

(For endorsement in the event of partial conversion or repurchase)

<u>Date</u>	<u>Amount Converted/Repurchased</u>	<u>Amount Outstanding</u>
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TERMS AND CONDITIONS OF THE NOTE

The Note shall be held subject to and with the benefit of the Conditions and such Conditions shall be binding on the Issuer. Expressions defined in the subscription agreement (the “**Subscription Agreement**”) dated [•] between the Issuer and Achieve Prosper Capital Limited relating to the Note shall bear the same meanings in this Certificate. The words and expressions set out below shall have the meanings attributed to them below unless the context otherwise requires:

“ closing price ”	in relation to the Shares, the closing price per Share as quoted on the daily quotation list of the Stock Exchange for one or more board lots of Shares;
“ Conversion Date ”	the date on which a Conversion Notice is served in accordance with Condition 8(a);
“ Conversion Notice ”	a written notice served by a Converting Noteholder under Condition 8(a) upon an exercise of its Conversion Rights, substantially in the form set out in Appendix A to the Conditions;
“ Conversion Period ”	the period commencing from the issue date of the Note and ending on the date which is the thirtieth day prior to the Maturity Date (as defined in Condition 1);
“ Conversion Price ”	the price at which each Conversion Share will be issued upon a conversion of all or any part of the Note as determined under Condition 5(c), but only for the purposes of the provisions of Condition 6, references therein to the “ Conversion Price ” shall be deemed to be references to the price of HK\$0.172 as adjusted from time to time in accordance with the provisions of Condition 6;
“ Conversion Rights ”	the rights attached to the Note to convert the same or a part thereof into Conversion Shares pursuant to Condition 5(a);
“ Conversion Shares ”	the new Shares to be issued and allotted by the Issuer upon exercise by a Noteholder of its Conversion Rights, and “ Conversion Share ” shall be construed accordingly;
“ Converting Noteholder ”	a Noteholder which proposes to exercise all or any part of its Conversion Rights;
“ Encumbrance ”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, 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 and “ Encumber ” and “ Encumbrancer ” shall be construed accordingly;

“Equity Share Capital”	the issued share capital of the Issuer excluding any part thereof which does not either as respects dividends or as respects capital carry any right to participate beyond a specified amount or beyond an amount calculated by reference to a specified rate in a distribution;
“trading day”	a day on which the Stock Exchange is open throughout its usual trading hours for the business of dealing in securities that are listed thereon.

1. PERIOD

Unless previously converted and subject as provided herein, the Issuer shall repay to the Noteholder 100% of the principal amount outstanding under the Note together with all interest accrued thereon up to and including the date of repayment which shall fall on the [third anniversary] of the date of issue of the Note (“**Maturity Date**”).

2. STATUS AND TRANSFER

- (a) The obligations of the Issuer arising under the Note constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* and rateably without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) equally with all other present and future unsecured and unsubordinated obligations of the Issuer. No application will be made for a listing of the Note on the Stock Exchange or any stock or securities exchange.
- (b) The Note may be freely assigned and transferred PROVIDED THAT no assignment or transfer shall be made to a connected person (within the meaning ascribed thereto in the Listing Rules) of the Issuer without the prior approval of the Issuer and PROVIDED FURTHER THAT the principal amount to be assigned or transferred is at least HK\$[1,000,000] and in integral multiples of HK\$[1,000,000] unless the amount of the outstanding Note is less than HK\$[1,000,000] in which case the whole (but not part only) of that amount may be assigned and transferred.
- (c) Subject to the foregoing provisions in Condition 2(b), the Note may be transferred or assigned in its entirety or in part at any time before the Maturity Date by delivering to the company secretary of the Issuer directly, duly completed form of transfer substantially in the form annexed to this Certificate as Appendix B to these Conditions (“**Transfer Form**”). The Issuer shall within five (5) Business Days after the duly completed Transfer Form, accompanied by this Certificate for the Note, has been received by the Issuer in accordance with this Condition, register the transfer of the Note, cancel the existing Certificate and issue a new certificate under the seal of the Issuer, in favour of the transferee or assignee in respect of the Note. Any reasonable costs and expenses properly incurred by the Issuer in connection with any assignment or transfer of the Note shall be borne by the Noteholder.
- (d) The Issuer shall cause to be kept at its registered office in Bermuda (or other office outside Hong Kong notified to the Noteholder) a full and complete register of Noteholders and of any conversions, cancellation and destruction and of all replacement Notes issued in substitution for any mutilated, defaced, lost, stolen or destroyed Notes (the “**Register**”) on which the name and address of the Noteholders and the particulars of the Note and all transfer(s) of the Note shall be entered. No transfer of title to the Note will be effective unless and until entered on the Register. Title to the Note passes only by registration in the

Register. The Noteholder 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, this Certificate issued in respect of it) and no person will be liable for so treating the Noteholder.

3. INTEREST

- (a) The Note will bear interest from the date of issue at a rate equal to three (3) per cent. per annum on the outstanding principal amount thereof which, subject as otherwise provided herein, will be payable [half-yearly in arrears on 30 June and 31 December] in each year (“**Interest Payment Date**”). Interest on the Note shall accrue from day to day and shall be calculated at simple interest on the basis of the actual number of days elapsed and a year of 365 days (including the first and the last days of the period during which it accrues). Interest on the Note not held for the whole of the period between any two successive Interest Payment Dates shall be calculated on a pro rata basis. All interest amounts shall be rounded to the nearest cent, half a cent being rounded down.
- (b) If the Issuer does not pay any sum payable under the Note when due, it shall pay interest on the amount from time to time outstanding in respect of that overdue sum at the rate of the [two (2) per cent. over the prime rate quoted by The Hongkong and Shanghai Banking Corporation Limited] from time to time for the period beginning on its due date and ending on the date of actual payment. Such interest shall accrue from day to day on the basis of the actual number of days elapsed and a year of 365 days (including the first and the last days of the period during which it accrues) and shall be payable on demand.
- (c) If the Noteholder has converted part or the whole of the principal amount of the Note, the Noteholder shall be entitled to interest in respect of such part or whole, as the case may be, of the principal amount of the Note for the period from the immediately preceding Interest Payment Date or the date of issue of the Note (whichever is the later) to and up to (but excluding) the Conversion Date concerned.

4. PAYMENTS

- (a) Subject to Condition 5(e)(ii), payments of the outstanding principal amount of the Note and interests accrued thereon will be made by 11:00 a.m. (Hong Kong time) on the relevant due dates by telegraphic transfer in immediately available funds to a bank account as nominated by the Noteholder (as the case may be) from time to time or, if the Noteholder fails to nominate a bank account, the Issuer shall be entitled to make such payments by sending a banker’s draft drawn in favour of the Noteholder to the address of the Noteholder as appearing on this Certificate.
- (b) If the Interest Payment Date or the relevant due date of payment is not a Business Day, the Noteholder will be entitled to payment on the next following Business Day in accordance with Condition 4(a) together with interest accrued in respect of any such delay.
- (c) All sums payable under this Condition shall be paid (i) free of any restriction or condition; (ii) free and clear of and (except to the extent required by law) without any deduction or withholding for or on account of any tax; and (iii) without deduction or withholding (except to the extent required by law) on account of any other amount whether by way of set-off or otherwise. In the event that the Issuer is required by law to make any such deduction or

withholding from any amount paid, the Issuer shall pay to the Noteholder such additional amount as shall be necessary so that the Noteholder continues to receive a net amount equal to the full amount which it would have received if such withholding or deduction had not been made.

5. CONVERSION AND MATURITY

(a) Conversion

Subject as hereinafter provided, the Noteholder will have the right, on any Business Day during the Conversion Period, to convert the whole or part of such principal amount of the Note set out therein into the Conversion Shares at the Conversion Price.

The Conversion Shares shall be (i) issued and allotted in the name of the Noteholder or such person(s) as the Noteholder may nominate pursuant to such conversion PROVIDED THAT such nominated person is not a connected person (within the meaning ascribed thereto in the Listing Rules) of the Issuer; and (ii) delivered to the Noteholder (or such nominated person (s) aforesaid) within five (5) Business Days after the date of presentation of the relevant original Certificate.

No fraction of a Conversion Share will be issued but (except in cases where any such cash payment would amount to less than HK\$1.00) an equivalent cash payment in Hong Kong dollars will be made to the Converting Noteholder in respect of such fraction.

The Conversion Shares shall rank *pari passu* with all other Shares in issue as at the Conversion Date and be entitled to all dividends, bonus and other distributions the record date of which falls on a date on or after the Conversion Date.

(b) Conversion Period

Subject to compliance with the procedures set out in these Conditions, the Noteholder will have the right at any time and from time to time during the Conversion Period to convert the whole or part of such principal amount of the Note.

(c) Conversion Price

The Conversion Price shall be HK\$0.172 (which shall in any case subject to adjustments in accordance with the provisions of Condition 6).

(d) Other Conditions

- (i) The Conversion Rights shall not be exercised by the Noteholder if, immediately following the conversion, the Issuer will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules.
- (ii) The Conversion Rights shall not be exercised by Noteholder if such exercise is prohibited under the Code.

(e) Maturity

- (i) At any time on or after the Maturity Date, the total sum of (aa) the outstanding principal amount of the Note and (bb) all unpaid and

accrued interests due on the outstanding principal amount of the Note shall, unless previously converted in accordance with these Conditions, be repaid in accordance with Conditions 4 and 5(e)(ii) below.

- (ii) The Note being repaid shall be so repaid against surrender of the Certificate for cancellation and, against such surrender, all amounts due and owing to the Noteholder will be paid by the Issuer.
- (iii) Notwithstanding anything herein contained to the contrary, any delay in or failure to exercise any rights conferred on the Noteholder by this Condition 5(e) shall not constitute a waiver by the Noteholder of any right in respect thereof.

6. ADJUSTMENTS

- (a) Subject as hereinafter provided, the Conversion Price shall from time to time be adjusted in accordance with the following relevant provisions and so that (1) if an event giving rise to any such adjustment shall be such as would be capable of falling within more than one of sub-paragraphs (i) to (iii) inclusive of this Condition 6(a) it shall fall within the first of the applicable paragraphs to the exclusion of the remaining paragraphs; and (2) without prejudice to the preceding sub-paragraph (1), if there are more than one event giving rise to adjustments falling within more than one of sub-paragraphs (i) to (iii) inclusive of this Condition 6(a), appropriate adjustments shall be made under each of such applicable paragraphs accordingly:
 - (i) If and whenever the Shares by reason of any consolidation, sub-division or re-classification or otherwise become of a different nominal amount, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the revised nominal amount and dividing the result by the former nominal amount. Each such adjustment shall be effective from the close of business in Hong Kong on the day immediately preceding the date on which the consolidation or sub-division or re-classification becomes effective.
 - (ii) If and whenever the Issuer shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the aggregate nominal amount of the issued Shares immediately before such issue and dividing the result by the sum of such aggregate nominal amount and the aggregate nominal amount of the Shares issued in such capitalisation. Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for such issue.
 - (iii) If and whenever the Issuer shall make any Capital Distribution (as defined in Condition 6(b)) to holders (in their capacity as such) of Shares (whether on a reduction of capital or otherwise), the Conversion Price in force immediately prior to such distribution or grant shall be reduced by multiplying it by the following fraction:

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

where:

A = the market price (as defined in Condition 6(b)) on the date on which the Capital Distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) the date next preceding the date of the Capital Distribution or, as the case may be, of the grant; and

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

PROVIDED THAT:

(aa) if in the opinion of the relevant approved merchant bank, the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine (and in such event the above formula shall be construed as if B meant) the amount of the said market price which should properly be attributed to the value of the Capital Distribution or rights; and

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

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

(iv) If and whenever the Issuer shall offer to holders of Shares new Shares for subscription by way of rights, or shall grant to holders of Shares any options, warrants or other rights to subscribe for any new Shares at a price which is less than 80% of the market price as at the date of the announcement of the terms of the offer or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by the following fraction:

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

where:

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

H = the aggregate number of Shares so offered for subscription or comprised in the options or warrants or other rights

I = the amount (if any) payable for the rights, options or warrants or other rights to subscribe for each new Share, plus the subscription price payable for each new Share; and

J = the market price on the trading day immediately prior to such announcement.

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

- (v) (aa) If and whenever the Issuer shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the Total Effective Consideration (as defined below in this Condition 6(a)(v)) per Share initially receivable for such securities is less than 80% of the market price as at the date of the announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by a fraction of which the numerator is the number of shares in issue immediately before the date of the issue plus the number of Shares which the Total Effective Consideration receivable for the securities issued would purchase at the said market price immediately prior to the date of such announcement and the denominator is the number of Shares in issue immediately before the date of the issue plus the number of Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities, at the initial conversion or exchange price or subscription price. Such adjustment shall become effective (if appropriate retrospectively) from the close of business in Hong Kong on the Business Day next preceding whichever is the earlier of the date on which the issue is announced and the date on which the Issuer determines the conversion or exchange price or subscription price.
- (bb) If and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in Condition 6(a)(v)(aa) are modified so that the Total Effective Consideration (as defined below in this Condition 6(a)(v)) per Share initially receivable for such securities shall be less than 80% of the market price as at the date of the announcement of such proposal, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by a fraction of which the numerator is the number of Shares in issue immediately before the date of such modification plus the number of Shares which the Total Effective consideration receivable for the securities issued at the modified conversion or exchange price would purchase at the said market price and of which the denominator is the number of Shares in issue immediately before such date of modification plus the number of Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such securities at the modified conversion or exchange price or subscription price. Such adjustment shall take effect as at the date upon which such modification takes effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purposes where it is adjusted to take into account of rights or capitalisation issues and other events normally giving rise to adjustment of conversion or exchange terms.

For the purpose of this Condition 6(a)(v), the “**Total Effective Consideration**” receivable for the securities issued shall be deemed to be the consideration receivable by the Issuer for any such securities plus the additional minimum consideration (if any) to be received by the Issuer upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the Total Effective Consideration per Share initially receivable for such securities shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange price or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

- (vi) If and whenever the Issuer shall issue wholly for cash any Shares at a price per Share which is less than 80% of the market price as at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of such announcement by a fraction of which the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate amount payable for the issue would purchase at the said market price immediately prior to the date of such announcement and the denominator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares so issued. Such adjustment shall become effective (if appropriate, retrospectively) from the close of business in Hong Kong on the Business Day next preceding whichever is the earlier of the date on which the issue is announced and the date on which the Company determines the issue price for such Shares.
- (vii) If and whenever the Issuer shall issue the Shares for the acquisition of asset at a Total Effective Consideration (as defined below) per Share which is less than 80% of the market price at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying it by a fraction of which the numerator shall be the Total Effective Consideration per Share and the denominator shall be such market price. Each such adjustment shall be effective (if appropriate retrospectively) from the close of business in Hong Kong on the Business Day next preceding whichever is the earlier of the date on which the Issuer determines the issue price for such Shares or the date of announcement of such issue. For the purpose of this Condition 6(a)(vii), “Total Effective Consideration” shall be the aggregate consideration credited as being paid for such Shares by the Issuer on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “Total Effective Consideration per Share” shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid.

- (b) For the purposes of this Condition 6:

“**announcement**” shall include the publication of an announcement in the newspaper or on the website of the Stock Exchange in accordance with the Listing Rules and “**date of announcement**” shall mean the date of such announcement as set out therein and “**announced**” shall be construed accordingly;

“approved merchant bank” means a merchant bank of repute in Hong Kong to be appointed by the Issuer for the purpose of providing a specific opinion or calculation or determination hereunder;

“Capital Distribution” any distribution in cash or specie by way of a special dividend (other than final and interim dividends). Any special dividend charged or provided for in the accounts for any financial period shall (whenever paid and however described) be deemed to be a Capital Distribution PROVIDED THAT any such special dividend shall not automatically be so deemed if:

- (i) it is paid out of the aggregate of the net profits (less losses) attributable to holders of the Shares for all financial periods after that ended [31 March 2013] as shown in the audited consolidated profit and loss account of the Issuer and its subsidiaries for each such financial period; or
- (ii) to the extent that (i) above does not apply, the rate of that dividend, together with all other dividends on the class of capital in question charged or provided for in the accounts for the financial period in question, does not exceed the aggregate rate of dividend on such class of capital charged or provided for in the accounts for the last preceding financial period. In computing such rates, such adjustments may be made as are in the opinion of the auditors of the Issuer or the approved merchant bank (at the option of the Issuer) for the time being appropriate to the circumstances and shall be made in the event that the lengths of such periods differ materially;

“issue” shall include allot;

“market price” means in respect of the Shares on a particular date, the average of the closing prices of the Shares for the last ten (10) consecutive trading days ending on the trading day immediately preceding the date on or as of which the market price is to be ascertained;

“reserves” includes unappropriated profits;

“rights” includes rights in whatsoever form issued.

- (c) The provisions of sub-paragraphs (ii) and (iii) of Condition 6(a) shall not apply to:
 - (i) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into the Shares or upon exercise of any rights (including any conversion of the Note) to acquire Shares PROVIDED THAT an adjustment has been made under this Condition 6 in respect of the issue of such securities or granting of such rights (as the case may be);
 - (ii) an issue of the Shares or other securities of the Issuer or any subsidiary of the Issuer wholly or partly convertible into, or rights to acquire, the Shares to officers or employees of the Issuer or any of its subsidiaries pursuant to any employee or executive share scheme (which is in compliance with the Listing Rules, or if applicable, similar rules and regulations of an alternative stock exchange);

- (iii) an issue by the Issuer of Shares or by the Issuer or any subsidiary of the Issuer of securities wholly or partly convertible into or rights to acquire, the Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business PROVIDED THAT an adjustment has been made (if appropriate) under this Condition 6 in respect of the issue of such securities or granting of such rights (as the case may be);
 - (iv) an issue of fully paid Shares by way of capitalisation of all or part of any subscription right reserve, or any similar reserve which has been or may be established pursuant to the terms of any securities wholly or partly convertible into or rights to acquire the Shares; or
 - (v) an issue of the Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value of such Shares is not more than [80] per cent. of the amount of dividend which holders of the Shares could elect to or would otherwise receive in cash, for which purpose the “**market value**” of one Share shall mean the average of the closing prices for such trading days on which dealings in the Shares took place (being not less than five (5) such days) as are selected by the directors of the Issuer in connection with determining the basis of allotment in respect of the relevant scrip dividend and which fall within the period of one month ending on the last day on which holders of the Shares may elect to receive or (as the case may be) not to receive the relevant dividend in cash.
- (d) Any adjustment to the Conversion Price shall be made to the nearest one cent so that any amount under half a cent shall be rounded down and any amount of half a cent or more shall be rounded up. In addition to any determination which may be made by the directors of the Issuer every adjustment to the Conversion Price shall be certified (at the option of the Issuer) either by the auditors of the Issuer for the time being or by an approved merchant bank.
 - (e) Notwithstanding anything contained herein, no adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of this Condition 6 would be less than one cent and any adjustment that would otherwise be required then to be made shall not be carried forward.
 - (f) If the Issuer or any subsidiary of the Issuer shall in any way modify the rights attached to any share or loan capital so as wholly or partly to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire, the Shares, the Issuer shall appoint an approved merchant bank to consider whether any adjustment to the Conversion Price is appropriate (and if such approved merchant bank shall certify that any such adjustment is appropriate the Conversion Price shall be adjusted accordingly and the provisions of Conditions 6(d), 6(e) and 6(h) shall apply) subject to Condition 6(g).
 - (g) Notwithstanding the provisions of Condition 6(a), in any circumstances where the directors of the Issuer shall consider that an adjustment shall be made to the Conversion Price as a result of one or more events or circumstances (as referred to in this Condition 6) or that an adjustment to the Conversion Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Conversion Price should be made notwithstanding that no such adjustment is required under the said provisions or

that an adjustment should take effect on a different date or with a different time from that provided for under the provisions, the Issuer may appoint an approved merchant bank to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner including without limitation, making an adjustment calculated on a different basis) and/or the adjustment shall take effect from such other date and/or time as shall be certified by such approved merchant bank to be in its opinion appropriate. The cost of engaging the approved merchant bank under this Condition 6(g) shall be borne by the Issuer.

- (h) Whenever the Conversion Price is adjusted as herein provided the Issuer shall as soon as possible but not later than three (3) Business Days after the relevant adjustment is determined give notice to the Noteholder that the Conversion Price has been adjusted (setting forth the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof) and shall at all times thereafter so long as the Note remains outstanding make available for inspection at its head office and principal place of business in Hong Kong a signed copy of the said certificate of the auditors of the Issuer or (as the case may be) the relevant approved merchant bank and a certificate signed by a director of the Issuer setting forth brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof and shall, on request, send a copy thereof to the Noteholder.
- (i) If application of any of the provisions of this Condition 6 would but for this paragraph (i) result in the Conversion Price being reduced so that on conversion the Shares shall fall to be issued at a discount to their nominal value, then the Conversion Price shall be adjusted to an amount equal to the nominal value of one Share.

7. PROTECTION OF THE NOTEHOLDER

- 7.1 So long as the Note is outstanding, and subject to any approvals otherwise given in writing by the Noteholder (such approval not to be unreasonably withheld or delayed), the Issuer agrees:
- (a) to keep available for issue, free from pre-emptive rights, out of the authorised but unissued share capital sufficient Shares to satisfy in full the Conversion Rights at the then prevailing Conversion Price and all other rights for the time being outstanding of subscription for and conversion into the Shares;
 - (b) not to in any way modify the rights attached to the Shares as a class or attach any special restrictions thereto;
 - (c) not to issue or pay up any securities by way of capitalisation of profits or reserves other than (i) by the issue of fully paid Shares to holders of the Shares; or (ii) as mentioned in Condition 6(c)(iv); or (iii) by the issue of the Shares in lieu of a cash dividend in the manner referred to in Condition 6(c)(v);
 - (d) not to create or permit to be in issue any Equity Share Capital of the Issuer other than the Shares, PROVIDED THAT nothing in this Condition 7(d) shall prevent (i) any consolidation or sub-division of the Shares; or (ii) the issue of Equity Share Capital which does not participate in dividend before a certain

date or in respect of a certain financial period but is *pari passu* in all other respects with the Shares; or (iii) the issue of Equity Share Capital to officers or employees of the Issuer or any of their subsidiaries pursuant to an employee or executive share scheme;

- (e) to procure that (i) no securities issued by the Issuer shall be converted into the Shares or exchanged for the Shares except in accordance with the terms of issue thereof; (ii) no securities issued by the Issuer without rights to convert into the Shares or to be exchanged for the Shares shall subsequently be granted such rights; and (iii) at no time shall there be in issue any Shares of differing nominal values;
- (f) not to make any issue, grant or distribution or take any other action if the effect thereof would be that on the exercise of the Conversion Rights it would but for Condition 6(i) be required to issue the Shares at a discount to their nominal value or to adjust the Conversion Price to a level below the nominal value of the Shares;
- (g) [save for the general offer for all the shares of the Company and the outstanding share option for and on behalf of Achieve Prosper Capital Limited,]if an offer is made to holders of the Shares (or such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire all or a proportion of the Shares, to give notice of such offer to the Noteholder forthwith and use its reasonable endeavours to procure that a similar offer is extended in respect of the Note or in respect of any Shares issued on conversion of the Note during the period of the offer;
- (h) not to make any distribution in specie to holders of the Shares;
- (i) not to, subject as hereinafter provided, make any reduction or redemption of share capital, share premium account or capital redemption reserve involving the repayment of money to shareholders of the Issuer (other than to shareholders of the Issuer having the right on a winding-up to a return of capital in priority to holders of the Shares) or reduce any uncalled liability in respect thereof unless, in any such case, the same gives rise (or would, but for the provisions of Conditions 6(e) or 6(g) give rise) to an adjustment of the Conversion Price in accordance with Condition 6;
- (j) to use its reasonable endeavours (i) to maintain a listing for all the Shares on the Stock Exchange; (ii) to obtain and maintain a listing on the Stock Exchange for all Conversion Shares; and (iii) to obtain a listing for all the Shares issued on the exercise of the Conversion Rights on any other stock exchange on which any of the Shares are for the time being listed and will forthwith give notice to the Noteholder (as the case may be) in accordance with the bye-laws of the Issuer of the listing or delisting of the Shares by any such stock exchange;
- (k) as soon as possible and in any event not later than five (5) Business Days after the announcement of the terms of any issue pursuant to Condition 6 to give notice to the Noteholder notifying it of the date on which the relevant adjustment of the Conversion Price is likely to become effective and of the effect of exercising its Conversion Rights pending such date;
- (l) to comply with and procure the compliance of all conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for approval of the issue of the Note or for the listing of and permission to deal in the Conversion Shares and to ensure the continued compliance thereof;

- (m) to provide the Noteholder with (i) a copy of its annual reports, annual financial statements, interim reports and all other statements and circulars sent by the Issuer to its shareholders within five (5) Business Days after the Issuer sends the same to its shareholders, and (ii) a copy of each announcement and press release released or made by the Issuer in accordance with the Listing Rules within five (5) Business Days after date of publication or release;
- (n) not to enter into any deed, agreement, assignment, instrument or documents whatsoever binding on it which may result in any breach of any of the terms and conditions of the Note;
- (o) not to amend and/or repeal any provision of its memorandum of association or bye-laws (except where it is made to comply with the requirements of any applicable laws, rules and regulations or the obligations imposed on the Issuer by the Stock Exchange or other relevant regulatory bodies or authorities);
- (p) not to issue or authorise the issue of any class of Equity Share Capital carrying any right to income or capital which is more favourable than the corresponding right attaching to the Shares or attaching any special rights or privileges to any such other class of Equity Share Capital PROVIDED THAT nothing in this provision shall prevent any consolidation or sub-division or re-classification of the Shares;
- (r) not to declare or pay any dividend on any securities other than on its issued Shares;
- (s) not to authorise or effect a merger or a voluntary liquidation of the Issuer (other than a merger in which the Issuer is the continuing corporation);
- (u) to ensure that it shall not and none of its subsidiaries shall sell, lease, transfer or otherwise dispose of the whole or substantially the whole of its revenues or its assets except for sales or lease of stock in trade or other assets or in the usual and ordinary course of business on normal commercial terms or pursuant to the terms of the creditors' scheme of arrangement [to be] entered into between the Company and its creditors.

7.2 The Issuer shall ensure that all Conversion Shares will be duly and validly issued as fully paid and registered.

8. PROCEDURE FOR CONVERSION

- (a) The Converting Noteholder may, subject as provided herein, on any Business Day within the Conversion Period, exercise its Conversion Rights by delivering to the principal place of business of the Issuer the Conversion Notice stating its intention to convert together with the Certificate. The Conversion Notice shall be in the form set out in Appendix A to these Conditions. The Conversion Notice shall be irrevocable and shall oblige the Converting Noteholder to accept the Conversion Shares arising on such conversion on and subject to the memorandum of association and bye-laws of the Issuer. The Issuer shall be responsible for payment of all taxes and stamps, issue and registration duties (if any) and Stock Exchange trading fee, SFC transaction levy, investor compensation levy and charges (if any) arising on conversion.
- (b) The relevant Conversion Shares shall be allotted and issued by the Issuer, credited as fully paid, to the Converting Noteholder or as it may direct with effect from the relevant Conversion Date. Certificate(s) for such Conversion

Shares shall be issued in board lots (if applicable and to the extent possible) and delivered to the Converting Noteholder together with an endorsement on the Certificate by a director of the Issuer for any balance of its Note not converted (if appropriate) within five (5) Business Days of the Conversion Date.

9. EVENTS OF DEFAULT

- 9.1 If any of the following events occurs, the Noteholder may give notice to the Noteholder, which in turn shall give to the Issuer, that the Note is, and it shall on the giving of such notice immediately become, due and payable at its principal amount together with any accrued interest calculated up to and including the date of repayment:
- (a) the Issuer defaults in performance or observance or compliance with any of its obligations under Condition 7.1 or any of its other material obligations set out herein which default is incapable of remedy or, if capable of remedy, is not remedied within fourteen (14) Business Days after notice of the occurrence of such default from the Noteholder to the Issuer; or
 - (b) an Encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any substantial part of the undertaking, property, assets or revenues of the Issuer or any of its subsidiaries; or
 - (c) the Issuer or any of its subsidiaries becomes insolvent or is unable to pay its debts as they fall due or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Issuer or any of its subsidiaries or the whole or any substantial part of the undertaking, property, assets or revenues of the Issuer or any of its subsidiaries or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors other than the entering into of the creditors' scheme of arrangement; or
 - (d) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the winding-up, insolvency, administration or dissolution of the Issuer or any of its subsidiaries except in the case of winding-up of subsidiaries of the Issuer in the course of internal reorganisation; or
 - (e) the insolvency of the Issuer; or
 - (f) a moratorium is agreed or declared in respect of any indebtedness of the Issuer or any of its subsidiaries or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Issuer or any of its subsidiaries; or
 - (g) other than as a result of, or in circumstances where (i) an offer made to holders of Shares (or such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) being made to the Issuer for the acquisition of all or any proportion of the Shares or such an offer becoming unconditional or (ii) the Issuer is required to make an announcement pursuant to Chapter 14 and 14A of the Listing Rules:
 - (1) the listing of the Shares (as a class) on the Stock Exchange ceases; or
 - (2) the trading of the Shares on the Stock Exchange is suspended for a continuous period of fifteen (15) Business Days or more on each day of which the Stock Exchange is generally open for the business of dealing

in securities due to the default of, or breach of any provisions of the Listing Rules or applicable laws by, any member of the Group or any of its directors, officers, employees or agents; or

- (h) (i) any amounts of principal repayment or interest payment in relation to bank borrowings of the Issuer or any of its subsidiaries are not paid when due, or as the case may be, within any applicable grace period and the relevant bank notifies the Issuer or the relevant subsidiary that such non-payment constitutes an event of default under the terms of relevant loan; or
- (ii) the Issuer or any of its subsidiaries fails to pay when due or expressed to be due any amounts payable or expressed to be payable by it under any present or future guarantee for any moneys borrowed from or raised through a financial institution and the relevant financial institution notifies the Issuer or the relevant subsidiary that such failure to pay constitutes an event of default under the terms of the guarantee or the loan in relation to which the guarantee was given; or
- (i) the Issuer or any of its subsidiaries consolidates or amalgamates with or merge into any other corporation (other than a consolidation, amalgamation or merger in which the Issuer or such subsidiary is the continuing corporation), or the Issuer or any of its subsidiaries sells or transfers all or substantially all of its assets; or
- (j) at any time any indebtedness, including any obligation (whether present or future, actual or contingent, secured or unsecured, as principal or surety or otherwise) for the payment or repayment of money, of the Issuer or any of its subsidiaries becomes due and payable prior to its stated maturity by reason of default, or event of default (howsoever described) by the Issuer or any of its subsidiaries;
- (k) the Issuer fails to pay the principal amount or any interest on the Note when due unless non-payment of such interest is due solely to administrative or technical error and payment is made within five (5) Business Days of the due date thereof.

9.2 Without prejudice to the foregoing, if the Issuer shall fail to issue the Conversion Shares in accordance with the Conditions, the Noteholder shall be entitled to bring an action against the Issuer for either specific performance or damages.

9.3 The Issuer will forthwith on becoming aware of any such event as is mentioned in this Condition give notice in writing thereof to the Noteholder.

9.4 At any time after the Note has become payable under this Condition 9, the Noteholder may without further notice institute such proceedings as it may think fit to enforce payment of the monies due.

10. VOTING

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

11. REGISTER OF NOTEHOLDERS

The Issuer shall further procure that the Register shall be made available for inspection to any Noteholder at all reasonable times and that copy extracts from the Register be

made available to any Noteholder upon the payment of a charge of HK\$5.00 per page or such higher charge as may reasonably be determined by the Issuer from time to time.

12. EXPERTS

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

13. NOTICES

(a) Any notice or other communication to be given under the Note shall be in writing and may be given or made by facsimile or first class pre-paid post. Any such notice or communication shall be sent to the party to whom it is addressed and must contain sufficient reference and/or particulars to render it readily identifiable with the subject matter of the Note. If so given by facsimile, such notice or communication shall be deemed received on the date of despatch; if so sent by post to an address in Hong Kong, shall be deemed to be received two (2) Business Days after the date of despatch; and, if so sent by air-mail to an address outside Hong Kong, shall be deemed received seven (7) Business Days after the date of despatch.

(b) The relevant address and facsimile number of each party for the purpose of the Note are as follows:

(a) in the case of the Issuer:

Address: [•]
Fax Number: [•]
Attention: Board of Directors

(b) in the case of any Noteholder, to such address and facsimile number as may be notified by such Noteholder to the Issuer from time to time.

14. REPLACEMENT NOTE

14.1 If the Certificate is lost or mutilated, the Noteholder shall notify the Issuer in writing as soon as practicable and a replacement Certificate shall be issued upon the payment of a charge of HK\$5.00 per page or such higher charge as may reasonably be determined by the Issuer from time to time if the Noteholder provides the Issuer with a statutory declaration by the Noteholder 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, together with the mutilated the Certificate (if applicable).

14.2 The Certificate replaced in accordance with this Condition shall forthwith be cancelled.

15. VARIATION OF THE CONDITIONS

These Conditions may only be varied, expanded or amended by agreement in writing between the Issuer and all the Noteholders.

16. GOVERNING LAW AND JURISDICTION

The Note and these Conditions are governed by and shall be construed in accordance with Hong Kong law and each of the Issuer and the Noteholder irrevocably agrees to

submit to the non-exclusive jurisdiction of the courts of Hong Kong in connection therewith.

APPENDIX A

Form of Conversion Notice

BY POST AND BY FAX TO [•]

[•]

Attn.: The Company Secretary

Dear Sirs,

In respect of the convertible note (“**Note**”) for an aggregate principal amount of HK\$[75,000,000] issued by your company (“**Issuer**”) subject to and upon the terms and conditions (“**Conditions**”) attached to the certificate no. [●] for the Note, [I/we], being the holder of the Note for and in respect of the principal amount of HK\$[●], hereby give you notice of [my/our] intention to exercise the conversion rights attached to the Note to the extent of HK\$[●] of the principal amount outstanding thereunder at the conversion price of HK\$[●] in accordance with the Conditions.

[I/We] hereby irrevocably and unconditionally accept all the fully paid Conversion Shares (as referred to in the Conditions) to be issued pursuant hereto subject to the memorandum of association and bye-laws of the Issuer. [I/We] intend that all of such Conversion Shares be registered in the name of [●] and hereby authorise the entry of the name of [●] of [address] in the register of members of the Issuer and the despatch of the share certificates therefor by post at [its/their] own risk to [●] at [●].

Yours faithfully,

[Authorised Signatory/Name of Noteholder]

Date: [●]

APPENDIX B

Form of Transfer Form

[I/We], [●] of [●] (the “**Transferor**”) in consideration of the sum of HK dollars [●] (HK\$[●]) paid to [me/us] by [●] of [●] (the “**Transferee**”) do hereby transfer to the Transferee the sum of HK\$[●] of the outstanding principal amount (the “**Transferred Note**”) of the convertible note in the aggregate principal amount of HK\$[●] issued by [●] on [●] and held by the Transferor to hold unto the Transferee, [its/his] executors, administrators or assigns, subject to the conditions upon which [I/we] hold the same at the time of execution thereof. [I/We], the Transferee, do hereby agree to take the Transferred Note subject to the same conditions.

Witness to [our/my] hands the [●] day of [●].

Witness to the signature(s) of
[name of Transferor]

Witness’s signature _____
Name: _____
Address: _____
Occupation: _____

(Transferor)

Witness to the signature(s) of
[name of Transferee]

Witness’s signature _____
Name: _____
Address: _____
Occupation: _____

(Transferee)

Note: Any transfer shall be in respect of the whole or part representing HK\$1,000,000 or an integral multiple thereof of the outstanding principal amount of the Note.

SCHEDULE 2

COMPLETION REQUIREMENTS

1. OBLIGATIONS OF ISSUER

The Issuer shall deliver to the Subscriber:

- (a) a certified copy of the board resolutions of the Issuer approving and authorising the execution and performance of this Agreement, the issue of the Note and the Certificate;
- (b) a certificate under seal duly signed by the Company and all the executive directors of the Company to the Subscriber that all the Conditions Precedent have been fulfilled; and
- (c) such number of Certificate(s) and in such denomination duly issued in favour of the Subscriber (as the case may be) in accordance with the terms of this Agreement.

2. OBLIGATIONS OF SUBSCRIBER

The Subscriber shall deliver to Issuer:

- (a) a certified copy of its board resolution approving and authorising its execution and performance of this Agreement and (if applicable) its subscription of the Note; and
- (b) payment in the sum of HK\$75,000,000 by way of a cheque or cashier order(s) issued by a licensed bank in Hong Kong/wire transfer an bank account designated by the Issuer.

SCHEDULE 3

ISSUER WARRANTIES

1. The entire issued share capital of the Issuer is listed on the Stock Exchange and the Issuer (having made all reasonable enquiries) is not aware of any circumstance or any breach of any rules, regulations or requirements of the Stock Exchange in any material respect whereby the current listing of the Shares on the Stock Exchange will or would be expected to be suspended, cancelled or revoked before or after Completion as a result of the transactions contemplated by this Agreement or to be withdrawn or suspended for more than ten (10) consecutive trading days other than as a result of, or in circumstances where (i) an offer made to holders of Shares (or such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) being made to the Issuer for the acquisition of all or any proportion of the Shares or such an offer becoming unconditional or (ii) the Issuer is required to make an announcement pursuant to Chapter 14 and 14A of the Listing Rules.
2. Subject to the fulfilment of the Conditions Precedent specified in Clauses 3.1(a), (b) and (c), the Issuer has the authority, power, capacity and right to enter into and perform its obligations under this Agreement without any further sanction or consent by the holders of any class of shares of the Issuer and has taken all necessary actions to authorise the execution and completion of this Agreement by it and the performance of its obligations hereunder.
3. Subject to the fulfilment of the Conditions Precedent specified in Clauses 3.1(a), (b) and (c), the Issuer has the authority, power, capacity and right to issue the Note and perform its obligations thereunder (to the extent unreprurchased, unredeemed or unconverted), and in particular the Issuer will on Conversion Date have sufficient authorised but unissued share capital for the Issuer to perform its obligations under the Note and its directors will be authorised to issue the Note and the Conversion Shares upon exercise of the Conversion Rights and the Conversion Shares, when issued, shall rank pari passu in all respects with all other existing Shares outstanding at the date of conversion and be entitled to all dividends, bonuses and distributions the record date for which falls on a date on or after the date of the relevant conversion notice.
4. Subject to the fulfilment of the Conditions Precedent specified in Clauses 3.1(a), (b) and (c), all necessary consents, authorisations and approvals of and all necessary registrations and filings with any governmental or regulatory department, authority, agency or body required in Hong Kong, Bermuda or other jurisdiction in which any Group member has business as at the date of this Agreement, or courts or any third party pursuant to any contractual or other arrangement to which the Issuer or any other Group member is a party, for or in connection with this Agreement and the Note and the performance, validity or enforceability of the terms thereof have been obtained or made.
5. Subject to the fulfilment of the Conditions Precedent specified in Clauses 3.1(a), (b) and (c), the execution, delivery and the performance of this Agreement, the issue of the Note and the Certificate and (subject also to Completion) the issue and allotment of the Conversion Shares will not infringe and will not be contrary to any laws or regulations of any governmental or regulatory body of Hong Kong or Bermuda or any other relevant jurisdiction and will not result in any breach of the terms of the memorandum of association and bye-laws of the Issuer or constitute a breach (with or without the giving of notice or lapse of time, or both) or acceleration of any obligations of any member of the Group under any deed, agreement, mortgage or other instrument which is binding on any member of the Group (save and except with respect to any member of the Group or any of its property or assets, and will not result in the creation or

imposition of any Encumbrance or any rights of third party on any of its assets pursuant to the provisions of any such agreement, arrangement or instrument, any such conflict, breach or acceleration which does not have a material adverse effect on the Group or on the Issuer's ability to perform any of its obligations contemplated hereunder) and upon issue of the Note and the execution of the Certificate by the Issuer and delivery of the same, the Note and the Conditions will constitute legal, valid and binding obligations of the Issuer enforceable against it.

6. This Agreement, when executed, and upon the issue of the Note and the execution of the Certificate by the Issuer and delivery of the same, the Note and the Certificate will constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms.
7. The particulars relating to the share capital of the Issuer in Recital (B) are correct and accurate.
8. From the date hereof until the issue of the Note, no act will be done and no circumstance will arise which will (or but for Condition 6(e) would) give rise to an adjustment of the Conversion Price under Condition 6 if the act were done or the circumstances arose after the issue of the Note.
9. No event exists or has occurred and no condition is in existence which would constitute (immediately after the issue of the Note) an event of default under Condition 9 of the Conditions and no event or act has occurred which, with the giving of notices, or the lapse of time, or both, would (immediately after the issue of the Note) constitute such an event of default.
10. The latest published audited consolidated accounts of the Issuer and its subsidiaries comprising a balance sheet as at 31 March 2013 and a profit and loss account in respect of the financial year ended 31 March 2013 (the "**Accounts**"):
 - (i) have been prepared on a basis consistent with that of the previous financial year in accordance with generally accepted accounting principles and practices including all applicable statements of standard accounting practice generally accepted in Hong Kong and in accordance with the laws of Hong Kong and the memorandum of association and bye-laws of the Issuer. The Accounts make proper provision for all of the actual and contingent liabilities of the Issuer and comply with the disclosure requirements of the Companies Ordinance (Chapter 32 of Laws of Hong Kong), and
 - (ii) show a true and fair view of the state of affairs and financial position of the Issuer as at the date to which the Accounts were made up and of its results for the financial period ended on that date.
11. Since the date to which the Accounts were made up, to the date of this Agreement:
 - (i) there has been no material adverse change in the state of affairs, business, operations, financial condition or prospect of the Issuer and its subsidiaries;
 - (ii) no dividend or any other distribution has been declared, made or paid by the Issuer other than the Distribution as referred to in the SPA.
12. Each member of the Group is duly incorporated or established and validly existing under the laws of its incorporation or establishment with power to conduct its business in the manner presently conducted and has complied with in all material respects all applicable laws and regulations in all jurisdictions in which it operates.

13. Save as contemplated under this Agreement and outstanding share options to subscribe for Shares granted under the share option scheme of the Company adopted on 15 January 2008, there is no Encumbrance on, over or affecting any part of the unissued share capital of the Issuer and there is no agreement or commitment to give or create any of the foregoing and no claim has been made by any person to be entitled to any of the foregoing.
14. No litigation, arbitration or administrative proceeding which will materially and adversely affect the business or financial condition of the Group is currently taking place or, and the Issuer (having made all reasonable enquiries) is not aware of any such litigation, arbitration or administrative proceeding is pending or threatened against any member of the Group or its assets.
15. In relation to all debentures, acceptance credits, overdrafts, loans or other financial facilities outstanding and owing by, or available to, any member of the Group:
 - (i) there has been no contravention of or non-compliance with any provision of any of these documents;
 - (ii) there have not been nor are there any circumstances whereby the continuation of any of the facilities might be prejudiced, or which might give rise to any alteration in or acceleration of any obligation of any member of the Group under the terms and conditions of any of the facilities; and
 - (iii) it is not the case that as a result of the transactions contemplated in this Agreement, any of the facilities might be terminated or mature prior to its stated maturity or any existing security for any of the facilities might be enforced.
16. As at the date of this Agreement, there is no outstanding indebtedness of any member of the Group which has become payable or repayable by reason of any default of any member of the Group other than intra-Group loans.
17. No liquidator, provisional liquidator, receiver or other persons carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the assets or undertakings of the Group save for the appointment of the scheme administrator pursuant to the creditors' scheme of arrangement to be entered into between the Company and its creditors as referred to in the SPA.
18. No Group Company has ceased or suspended payment of its debts (other than in the case of intra-Group loans), become unable to pay its debts when they fall due or otherwise become insolvent.
19. There is no unsatisfied judgment, order or award outstanding against any Group Company.
20. The business of the Group as now carried on does not infringe any intellectual property right of any person, and all licences to any member of the Group in respect of any intellectual property rights are in full force and effect and to the best of the knowledge of the Issuer after making all reasonable enquiries, no party to an agreement relating to the use by any member of Group of the intellectual property rights of another person is, or has at any time been, in breach of that agreement.
21. No member of the Group has sold or granted any right or licence to any person to use, in any manner, or to do anything which would or might otherwise infringe, any intellectual property rights owned by the Group, and no act has been done, or omission permitted, by any member of the Group whereby such intellectual property rights, or any of them, have ceased or might cease to be valid and enforceable.

22. The Group has maintained all records for taxation and other purposes required to be kept by it in relation to its business, all assessments have been paid and all returns have been duly filed to the relevant taxation authorities and other than certain disagreements with or enquiries made by the relevant taxation authorities none of the same are subject to any major dispute.
23. The Group has duly paid or has procured to be paid all stamp duty on all its contracts and all other relevant documents to which it is a party or in which it is interested and which are liable to stamp duty.


SCHEDULE 4

SUBSCRIBER WARRANTIES

1. The Subscriber has the authority, power, capacity and right to enter into and perform its obligations under this Agreement which, upon execution and delivery, will constitute legal, valid and binding obligations of the Subscriber enforceable against the Subscriber in accordance with its terms.
2. All necessary consents, authorisations and approvals of and all necessary registrations and filings with any governmental or regulatory agency or body required in connection with the Subscriber for or in connection with this Agreement and the Note and the performance of the terms thereof have been obtained or made or will have been obtained or made by Completion.

EXECUTION

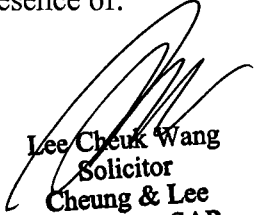
AS WITNESS whereof this Agreement has been duly executed on the date first above written.

SIGNED by)
Lau Sak Hong, PHilip)
as authorised representative for)
STARLIGHT INTERNATIONAL)
HOLDINGS LIMITED)
at)
in the presence of: )
WONG YING HEUNG)

For and on behalf of
STARLIGHT INTERNATIONAL HOLDINGS LTD.
.....
Authorized Signature(s)

SIGNED by WANG XING QIAO
as authorised representative for
**ACHIEVE PROSPER CAPITAL
LIMITED**
in the presence of:

)
)
)
)
)



Lee Cheuk Wang
Solicitor
Cheung & Lee
Hong Kong SAR