

Dated the 29th day of September 2023

**(1) KASEN INTERNATIONAL HOLDINGS LIMITED;
(卡森國際控股有限公司);**

(2) KASEN INTERNATIONAL COMPANY LIMITED;

and

(3) ZHU JIAYUN

SALE AND PURCHASE AGREEMENT

**in respect of 49% equity interest in
KOH KONG ZHEJIANG SEZ CO., LTD.**

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THIS AGREEMENT is made on 29 September 2023

BETWEEN:

- (1) **KASEN INTERNATIONAL HOLDINGS LIMITED (卡森國際控股有限公司)**, an exempted company incorporated in the Cayman Islands and having its registered address at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 496) (the “**Company**”);
- (2) **KASEN INTERNATIONAL COMPANY LIMITED**, a company incorporated in the Cayman Islands and having its registered address at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands (“**Kasen International**” or “**Purchaser**”). Kasen International is a wholly-owned subsidiary of the Company; and
- (3) **ZHU JIAYUN**, a Cambodian citizen (Cambodian passport number: N02378544) (the “**Vendor**”).

WHEREAS:

- (A) As of the date of this Agreement and prior to Completion under this Agreement, the Target Company (as defined below) has an issued share capital of US\$7,000,000 consisting of 1,000 ordinary shares, among which 1,000 ordinary shares are held by the Vendor, representing 100% of the issued share capital of the Target Company.
- (B) The Vendor has agreed to sell the Sale Shares, representing a total of 490 ordinary shares or 49% equity interest of the Target Company, and the Purchaser has agreed to purchase the Sale Shares, on and subject to the terms and conditions of this Agreement.

RECITAL:

- (A) On 17 August 2023, Mr. Suon Mean (“Mr. Suon”) (as seller), Mrs. Keo Dary (“Mrs. Keo”) (as seller) and the Vendor (as purchaser) entered into a land agreement pursuant to which the Vendor has agreed to purchase, and Mr. Suon and Mrs. Keo have agreed to sell, the Land together with all its rights, title and interest, for a total consideration of approximately US\$88,424,000.

Pursuant to the land agreement, the legal title of the Land will be transferred to the Vendor (or her nominee(s)) in the follow manner:

	<u>On or before</u>
First Batch of Land	30 September 2023 (the “ First Batch of Land Completion ”)
Second Batch of Land	30 November 2023 (the “ Second Batch of Land Completion ”)
Third Batch of Land	31 December 2023 (the “ Third Batch of Land Completion ”)

IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

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

“Accounts”	means the unaudited consolidated accounts of the Target Company for the period from the date of incorporation (i.e. 11 July 2023) to 31 July 2023;
“Accounts Date”	means the accounts date of the period from the date of incorporation (i.e. 11 July 2023) to 31 July 2023;
“Agreement”	means this sale and purchase agreement as amended or varied from time to time by an agreement in writing duly executed by the Parties;
“associates”	has the meaning ascribed to it under the Listing Rules;
“Business Day”	means a day (excluding a Saturday or Sunday) on which banks in Hong Kong are generally open for normal banking business;
“Cash Consideration”	means the portion of the Consideration to be satisfied in cash;
“Companies Ordinance”	means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) for the time being in force
“Completion”	means completion of the sale and purchase of the Sale Shares as specified in Clause 6;
“Completion Date”	means the tenth (10 th) Business Day after the date of fulfilment (or waiver) of the last Condition (or such other date as the parties to this Agreement may agree in writing) on which Completion occurs;
“Conditions”	means the conditions precedent as set out in Clause 2.1;
“Consideration”	means up to HK\$338,000,000, comprising the Cash Consideration and the Convertible Bonds and being the consideration payable by the Purchaser to the Vendor for the sale and purchase of the Sale Shares;

“Convertible Bonds”	means the convertible bonds constituted by the Instrument to be created and issued by the Company to the Vendor (or her nominee(s)) as part of the Consideration;
“Conversion Price”	means the initial conversion price of the Convertible Bonds of HK\$0.36 per Conversion Share;
“Conversion Shares”	means the new shares of the Company to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds;
“Encumbrances”	means (i) any mortgage, pledge, lien, guarantee, or any other similar restriction on rights securing, or conferring any priority of payment in respect of, any obligation of any person, (ii) any option, right of first offer or refusal or other transfer restriction in favour of any person and (iii) any adverse, legal and valid claim as to title, possession or use;
“First Batch Cash Consideration”	has the meaning ascribed to it in Clause 5.1(a);
“First Batch Consideration”	has the meaning ascribed to it in Clauses 5.1(a) and 5.1(b) collectively;
“First Batch Convertible Bonds”	has the meaning ascribed to it in Clause 5.1(b);
“First Batch of Land”	a batch of land located along National Road 4, within Communes of Boeng Preav & Chrouy Svay, District of Srae Ambel, Province of Koh Kong, Kingdom of Cambodia with a site area of approximately 304 hectares
“Fourth Batch Cash Consideration”	has the meaning ascribed to it in Clause 5.1(g);
“Fourth Batch Consideration”	has the meaning ascribed to it in Clauses 5.1(g) and 5.1(h) collectively;
“Fourth Batch Convertible Bonds”	has the meaning ascribed to it in Clause 5.1(h);
“Fourth Batch of Land”	a batch of land located along National Road 4, within Communes of Boeng Preav & Chrouy Svay, District of Srae Ambel, Province of Koh Kong, Kingdom of Cambodia with a site area of up to approximately 270 hectares
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;

“Group”	collectively, the Company and its subsidiaries;
“Instrument”	means the deed poll constituting the Convertible Bonds to be executed by the Company, in the form or substantially in the form set out in Schedule 4;
“Land”	collectively, the First Batch of Land, the Second Batch of Land, the Third Batch of Land and the Fourth Batch of Land
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	means 29 February 2024 or such later date as the parties may agree in writing;
“Parties”	means the parties to this Agreement, and each of them a “Party”)
“PRC” or “China”	means the People’s Republic of China, and for the purpose of this Agreement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Sale Shares”	means a total of issued shares of or 49% equity interest in the Target Company as at the date of this Agreement which are legally and beneficially owned by the Vendor;
“Second Batch Cash Consideration”	has the meaning ascribed to it in Clause 5.1(c);
“Second Batch Consideration”	has the meaning ascribed to it in Clauses 5.1(c) and 5.1(d) collectively;
“Second Batch Convertible Bonds”	has the meaning ascribed to it in Clause 5.1(d);
“Second Batch of Land”	a batch of land located along National Road 4, within Communes of Boeng Preav & Chrouy Svay, District of Srae Ambel, Province of Koh Kong, Kingdom of Cambodia with a site area of approximately 206 hectares
“Shareholder(s)”	means shareholder(s) of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiary” and “holding company”	have the meaning under the Companies Ordinance, Chapter 622 of the Laws of Hong Kong;

“Target Company”	means KOH KONG ZHEJIANG SEZ CO., LTD., the shares of which are the subject of sale and purchase under this Agreement and whose brief details are set out in Schedule 1;
“Tax”	means all forms of taxation, estate duties, deductions, withholdings, duties, imposts, levies, fees, charges, social security contributions and rates imposed, levied, collected, withheld or assessed by any local, municipal, regional, urban, governmental, state, federal or other body in Hong Kong, Cambodia, the PRC, the Cayman Islands or elsewhere and any interest, additional taxation, penalty, surcharge or fine in connection therewith;
“Third Batch Cash Consideration”	has the meaning ascribed to it in Clause 5.1(e);
“Third Batch Consideration”	has the meaning ascribed to it in Clauses 5.1(e) and 5.1(f) collectively;
“Third Batch Convertible Bonds”	has the meaning ascribed to it in Clause 5.1(f);
“Third Batch of Land”	a batch of land located along National Road 4, within Communes of Boeng Preav & Chrouy Svay, District of Srae Ambel, Province of Koh Kong, Kingdom of Cambodia with a site area of approximately 354 hectares
“Warranties”	means the representations and warranties set out in Clause 7 and Schedule 3;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong; and
“US\$”	means the United States dollars, the lawful currency of the United States of America.

1.2 In this Agreement, unless the context otherwise requires, any reference to:

- (a) Clause, Recital or Schedule is to a clause of or a recital or schedule to this Agreement, as the case may be, and a reference to this Agreement includes each Schedule;
- (b) reference to a statute or statutory provision shall include a reference to that statute or provision as from time to time consolidated, modified, re-enacted or replaced by any statute or statutory provision; to any repealed statute or statutory provision which it re-enacts (with or without modification); and any subordinate legislation made under the relevant statute;
- (c) words in the singular shall include the plural, and vice versa;
- (d) the masculine gender shall include the feminine and neutral and vice versa;

- (e) if a period of time is specified and commences from a given day or the day of an act or event, it shall be calculated exclusive of that day;
- (f) a reference to a balance sheet or profit and loss account shall include a reference to any note forming part of it;
- (g) a reference to “includes” or “including” shall mean “includes without limitation” or “including without limitation”;
- (h) the headings in this Agreement are for convenience only and shall not affect the interpretation of any provision of this Agreement;
- (i) references to this Agreement include this Agreement as amended or supplemented in accordance with its terms;
- (j) “writing”, or any cognate expression, includes a reference to any communication effected by telex, facsimile transmission or similar means; and
- (k) a document “in the agreed form” is a reference to the form of the relevant document agreed between the Parties and initialled by them for the purpose of identification.

2. **CONDITIONS PRECEDENT**

2.1 Completion of this Agreement is subject to and conditional upon satisfaction (or waiver) of the following conditions on or before the Long Stop Date:

- (a) the passing of ordinary resolutions by the independent Shareholders (who are not required to abstain from voting in such respect under the Listing Rules or otherwise) at an extraordinary general meeting of the Company to be convened and held to approve this Agreement and the transactions contemplated hereunder, including but not limited to, the creation and issue of the Convertible Bonds, the allotment and issue of the Conversion Shares;
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares;
- (c) the obtaining of a valuation report on the Land prepared by an independent valuer appointed by the Company of which the valuation of the Land shall be not less than US\$88,424,000 (equivalent to approximately HK\$689,707,000) and in the form and substance satisfactory to the Company;
- (d) the Group, in its absolute discretion, being satisfied with the results of the due diligence review on, the financial condition, commerce, trade, asset, corporation, taxation, operation and other conditions of the Target Company; and
- (e) the Vendor having obtained all necessary approvals as required in accordance with the relevant applicable laws in the relevant jurisdictions in which Vendor has operations for the execution, delivery and completion of this Agreement and the performance of its obligations pursuant to this Agreement.

- 2.2 The Purchaser may, at its options, waive condition (c) and (d) set out in Clause 2.1 at any time by notice in writing to the Vendor. Conditions set forth in Clause 2.1(a), (b) and (e) cannot be waived in any event.
- 2.3 If the Conditions are not fulfilled (or being waived) on or before Long Stop Date (or such other date as the Parties agree in writing), this Agreement shall terminate and neither of the Parties will have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of this Agreement.

3. SALE AND PURCHASE

Subject to the terms and conditions of this Agreement, the Vendor shall sell as legal and beneficial owner and the Purchaser shall purchase the Sale Shares with effect from Completion free from all Encumbrances and together with all rights and title to and interests in the Sale Shares (including the right to receive all dividends and distributions declared, made or paid on or after the Completion Date).

4. UNDERTAKINGS BY THE VENDOR

- 4.1. The Vendor undertakes (i) to procure the duly transfer of the legal title of the Land to the Target Company upon the First Batch of Land Completion, the Second Batch of Land Completion, the Third Batch of Land Completion and the Fourth Batch of Land Completion, respectively; and (ii) that the Land shall be free from any encumbrances and there shall be no defect in the title to the Land.
- 4.2. The Vendor further undertakes that following Completion, (i) all the voting rights in respect of the 51% equity interest of the Target Company held by the Vendor will be assigned to the board of directors of the Company; and (ii) to procure the appointment of majority of the board of directors of the Target Company to be nominated by the Company.

5. CONSIDERATION

- 5.1 The Consideration for the sale of the Sale Shares payable by the Purchaser to the Vendor shall be the sum of HK\$338,000,000 which shall be satisfied in the following manner:

- (a) HK\$40,800,000 in cash payable in the Hong Kong dollars to the account designated by the Vendor within five (5) Business Days after (i) the First Batch of Land Completion; or (ii) the Completion, whichever is later (“**First Batch Cash Consideration**”);
- (b) the creation and issue of Convertible Bonds in the principal amount of HK\$49,810,229 to the Vendor (or her nominee(s)) by the Company in registered form entitling the holder(s) thereof to convert into 138,361,747 Conversion Shares at the Conversion Price of HK\$0.36 per Conversion Share, subject to the terms and conditions set out in the Instrument within five (5) Business Days after (i) the First Batch of Land Completion; or (ii) the Completion, whichever is later (“**First Batch Convertible Bonds**”);

(the First Batch Cash Consideration and the First Batch Convertible Bonds are collectively referred as to the “**First Batch Consideration**”)
- (c) HK\$27,600,000 in cash payable in the Hong Kong dollars to the account designated by the Vendor within five (5) Business Days after (i) the Second Batch of Land

Completion; or (ii) the Completion, whichever is later (“**Second Batch Cash Consideration**”);

- (d) the creation and issue of Convertible Bonds in the principal amount of HK\$33,800,353 to the Vendor (or her nominee(s)) by the Company in registered form entitling the holder(s) thereof to convert into 93,889,869 Conversion Shares at the Conversion Price of HK\$0.36 per Conversion Share, subject to the terms and conditions set out in the Instrument within five (5) Business Days after (i) the Second Batch of Land Completion; or (ii) the Completion, whichever is later (“**Second Batch Convertible Bonds**”);

(the Second Batch Cash Consideration and the Second Batch Convertible Bonds are collectively referred as to the “**Second Batch Consideration**”)

- (e) HK\$47,500,000 in cash payable in the Hong Kong dollars to the account designated by the Vendor within five (5) Business Days after (i) the Third Batch of Land Completion; or (ii) the Completion, whichever is later (“**Third Batch Cash Consideration**”); and

- (f) the creation and issue of Convertible Bonds in the principal amount of HK\$58,013,228 to the Vendor (or her nominee(s)) by the Company in registered form entitling the holder(s) thereof to convert into 161,147,855 Conversion Shares at the Conversion Price of HK\$0.36 per Conversion Share, subject to the terms and conditions set out in the Instrument within five (5) Business Days after (i) the Third Batch of Land Completion; or (ii) the Completion, whichever is later (“**Third Batch Convertible Bonds**”).

(the Third Batch Cash Consideration and the Third Batch Convertible Bonds are collectively referred as to the “**Third Batch Consideration**”)

- (g) HK\$36,100,000 in cash payable in the Hong Kong dollars to the account designated by the Vendor within five (5) Business Days after (i) the Fourth Batch of Land Completion; or (ii) the Completion, whichever is later (“**Fourth Batch Cash Consideration**”); and

- (h) the creation and issue of Convertible Bonds in the principal amount of HK\$44,376,190 to the Vendor (or her nominee(s)) by the Company in registered form entitling the holder(s) thereof to convert into 123,267,194 Conversion Shares at the Conversion Price of HK\$0.36 per Conversion Share, subject to the terms and conditions set out in the Instrument within five (5) Business Days after (i) the Fourth Batch of Land Completion; or (ii) the Completion, whichever is later (“**Fourth Batch Convertible Bonds**”).

(the Fourth Batch Cash Consideration and the Fourth Batch Convertible Bonds are collectively referred as to the “**Fourth Batch Consideration**”)

- 5.2 The Company agrees that the Conversion Shares shall, when issued and fully paid, rank *pari passu* in all respects among themselves and with the other shares in issue as at the date of conversion including the rights to all dividends and other distributions declared, made or paid at any time on or after the date of conversion.

6. COMPLETION

- 6.1 Completion, subject to Clause 2, shall take place at the Company's office (or at such other place as the Vendor and the Purchaser may agree in writing) at 11:00 a.m. on the Completion Date (or on such other time or date as the Vendor and the Purchaser may agree in writing). At Completion, the businesses set out in Schedule 3 shall be transacted.
- 6.2 Upon Completion, the Group will be interested in the 49% equity interest of the Target Company, and the Target Company and its subsidiaries will become a subsidiary of the Company. The financial results of the Target Company will be consolidated into the accounts of the Group.

7. WARRANTIES AND UNDERTAKINGS INDEMNITIES

- 7.1 The Vendor hereby represents, warrants and undertakes to the Purchaser (to the intent that the provisions of this Clause shall continue to have full force and effect notwithstanding Completion) in the terms set out in Schedule 2 and the Vendor acknowledges that the Purchaser in entering into this Agreement is relying on the Warranties and that Purchaser shall be entitled to treat the same as conditions of this Agreement.
- 7.2 The Warranties contain no other information relating to the Vendor of which the Purchaser have knowledge (actual or constructive) and no investigation by or on behalf of the Purchaser shall prejudice any claim made by the Vendor under such Warranties or operate to reduce any amount recoverable and it shall not be a defence to any claim against the Vendor that the Purchaser knew or ought to have known or had constructive knowledge of any information relating to the circumstances giving rise to such claim.
- 7.3 The Warranties set out in each paragraph of Schedule 2 shall be separate and independent and save as expressly provided shall not be limited by reference to any other paragraph or anything in this Agreement or the Schedules.

8. CONFIDENTIALITY AND ANNOUNCEMENTS

- 8.1 No public announcement, circular or communication of any kind will be made or issued, in respect of the subject matter of this Agreement by the Parties except:
- (a) with the prior written consent of the other Parties which may not be unreasonably withheld or delayed;
 - (b) if so required by law, regulation and/or the Listing Rules; or
 - (c) where such announcement or communication is made or issued after Completion by the Group or any Target Company to a customer, client or supplier of a Target Company informing it of the Purchaser's purchase of the Sale Shares.
- 8.2 No Party shall disclose (and will ensure that none of its directors, officers, employees or agents discloses) any term of this Agreement or of any other document, the negotiations leading up to this Agreement or the transactions or arrangements contemplated or referred to in this Agreement (including the fact that this Agreement has been entered into between the Parties) or any confidential information belonging to any other Party except where:

- (a) the prior written consent of the other Parties has been obtained such consent not to be unreasonably withheld or delayed and which consent may be given either generally or in a specific case or cases and may be subject to conditions;
 - (b) disclosure is reasonably necessary for the performance of that Party's obligations under this Agreement;
 - (c) the information has entered into the public domain but not because of a breach or default by that Party;
 - (d) disclosure is made for a proper purpose to the senior management of a Party's holding company;
 - (e) disclosure is to that Party's legal advisers, investors, accountants, bankers, lenders (or potential lenders) or their respective legal advisers and that Party has informed the recipient of the restrictions on disclosure contained in this Clause 7.2 and that Party will be responsible for any breach of the provisions of this Clause 7.2 by or caused by, the recipient; or
 - (f) disclosure is required by law, regulation and/or the Listing Rules to which the relevant Party is subject to.
- 8.3 The Parties acknowledge that since damages or an account of profits will not be an adequate remedy for a breach of the obligations in Clauses 8.1 and 8.2, a Party is entitled to an injunction to prevent a breach or a continued breach.
- 8.4 The restrictions contained in Clauses 8.1 and 8.2 shall apply before and after Completion and will continue to bind the Parties even if this Agreement is rescinded or terminated.

9. NATURE OF AGREEMENT

- 9.1 This Agreement is personal to the Parties and, neither of them may assign, mortgage, charge or sublicense any of its rights hereunder, or sub-contract or otherwise delegate any of its obligations hereunder, except with the prior written consent of the other Party.
- 9.2 Nothing in this Agreement shall create, or be deemed to create, a partnership, or the relationship of principal and agent, between the Parties.
- 9.3 This Agreement and documents referred to herein contains the entire agreement between the Parties with respect to its subject matter (no Party having relied on any representation or Warranties made by any other Party which is not a term of this Agreement) and may not be modified except by an instrument in writing signed by the Parties and supersedes all and any previous agreements or arrangements between the Parties hereto or any of them relating to the transactions contemplated hereby and all or any such previous agreements or arrangements (if any) shall cease and determine with effect from the date of execution of this Agreement.

9.4 If any provision of this Agreement is held to be invalid, illegal or unenforceable, then such provision shall (so far as it is invalid, illegal or unenforceable) be given no effect and shall be deemed not to be included in this Agreement but without invalidating any of the remaining provisions of this Agreement. The Parties shall nevertheless negotiate in good faith in order to agree the terms of a mutually satisfactory provision, achieving as nearly as possible the same commercial effect, to be substituted for the provision so found to be invalid, illegal or unenforceable.

9.5 Subject to Clause 9.4, no failure or delay by any Party in exercising any of its rights under this Agreement shall be deemed to be a waiver thereof nor shall a waiver of a breach of any provision of this Agreement be deemed to be a waiver of any subsequent breach of the same or any other provision.

10. NOTICES AND SERVICE

10.1 Any notice or other information required or authorised by this Agreement to be given shall be given by:

- (a) delivering it by hand; or
- (b) sending it by pre-paid post; or
- (c) sending it by facsimile transmission,

to the relevant Parties at the following addresses, or in the case of a notice given by facsimile transmission to the following respective numbers:

the Company	Address :	Unit 1107, 11/F, COSCO Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong
	Attn :	Ms. Kate Yiu
Kasen International	Address :	Unit 1107, 11/F, COSCO Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong
	Attn :	Ms. Kate Yiu
the Vendor	Address :	No. 94E0E1, Street 21, Boeung Chhouk Village, Sangkat Kilomet No. 6, Khan Russei Keo, Phnom Penh City
	Attn :	Ms. Zhu Jiayun

10.2 Any notice or information given by post in the manner provided by Clause 10.1(b) which is not returned to the sender as undelivered shall be deemed to have been given on the seventh day after the envelope containing it was so posted; and proof that the envelope containing any such notice or information was properly addressed, and that it has not been so returned to the sender, shall be sufficient evidence that the notice or information has been duly given.

10.3 Any notice or information sent by facsimile transmission shall be deemed to have been duly sent on the date of transmission, provided that a confirming copy of it is sent as provided in Clause 10.1(b) to the relevant Parties at the addresses given above within 24 hours after transmission.

11. GENERAL

- 11.1 Each Party shall from time to time do all such acts and execute all such documents as may be reasonably necessary in order to give effect to the provisions of this Agreement.
- 11.2 This Agreement may be signed or executed in one or more parts and where signed or executed in more than one part each part shall be deemed to constitute an integral part of the one Agreement.
- 11.3 Each of the Parties shall pay its own costs, charges and expenses (including legal cost and expenses) incurred in connection with the negotiation, preparation and implementation of this Agreement and transactions contemplated hereunder. The stamp duty payable in connection with the transfer of the Sale Shares shall be borne as to one half by the Purchaser and one half by the Vendor.
- 11.4 The single or partial exercise of any right, power or remedy provided by law or under this Agreement shall not preclude any other or further exercise thereof or the exercise of any other right, power or remedy.
- 11.5 The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by law.
- 11.6 All provisions of this Agreement shall so far as they are capable of being performed or observed continue in full force and effect notwithstanding Completion except in respect of those matters then already performed.

12. PROPER LAW AND JURISDICTION

- 12.1 The construction, validity and performance of this Agreement shall be governed by Hong Kong law and the Parties irrevocably agree that the Courts of Hong Kong shall have exclusive jurisdiction in respect of any dispute or proceedings which may arise out of or in connection with this Agreement.

SCHEDULE 1
CORPORATE INFORMATION

Particulars of the Target Company

Country of incorporation	Cambodia
Date of incorporation	11 July 2023
Issued share capital	US\$7,000,000
Shareholders	Ms. ZHU Jiayun (朱嘉允) (1,000 Shares, 100%); and
Director	Zhu Jiayun
Registered office	Cambodian Zhejiang SEZ, Trapeang Mul, Cheung Kou, Prey Nob, Preah Sihanouk, 18101, Cambodia

SCHEDULE 2

REPRESENTATIONS AND WARRANTIES

For the purposes of this Schedule, the term “**Company**” shall mean the Target Company and accordingly, statements referring to the “**Company**” shall be construed as the Target Company.

Subject to the transactions contemplated by or as expressly disclosed in this Agreement and save and except as disclosed in the Accounts:

1. The Accounts

- 1.1 The Accounts have been prepared in accordance with IFRSs, the requirements of all relevant laws and applicable statements of standard accounting practice and are complete and accurate in all respects and show a true and fair view of the state of affairs of the Company and of its results and profits as at the Accounts Date.
- 1.2 The Accounts disclose all material contingent, unquantified or disputed liabilities, capital or burdensome commitments.
- 1.3 Except as disclosed in the Accounts or as disclosed to the Purchaser prior to the date hereof, there are at the date hereof:
 - (a) no loans, guarantees, material undertakings, debentures, material commitments on capital account or unusual liabilities, actual or contingent, made, given, entered into or incurred by or on behalf of the Company;
 - (b) no mortgages, charges, liens or other similar encumbrances on the assets of the Company or any part thereof; and
 - (c) no outstanding loan capital or other loans to the Company.
- 1.4 None of the amounts secured by the mortgages, charges, liens or similar encumbrances disclosed in the Accounts or as disclosed to the Purchaser prior to the date hereof has been increased beyond the amounts shown in the Accounts or as disclosed to the Purchaser prior to the date hereof.

2. Tax, Records and Returns

- 2.1 All returns, computations, notices and information made or provided or required to be made or provided by the Company for any Tax purpose have been made or given within the requisite periods and on a proper basis and when made were true and accurate and are up to date and none of them is or is likely to be the subject of any dispute with any Tax authority.
- 2.2 Save as disclosed in the Accounts or otherwise disclosed, the Company has paid all Tax, including provisional taxation, when due.
- 2.3 All transactions effected by the Company which required any consent or clearance from any governmental or Tax authority had been duly obtained.

- 2.4 In respect of any such consent or clearance as referred to in paragraph 2.3, the consent or clearance was validly obtained before the transaction was effected and the transaction was effected in accordance with the terms of and so as to satisfy any conditions attached to such consent or clearance and at a time when and in circumstances in which such consent or clearance was valid and effective.
- 2.5 No act or transaction has been or will, on or before Completion, be effected by the Company, the Vendor or any other person (including the sale of the Sale Shares), in consequence of which the Company is or may be held liable for Tax primarily chargeable against some other person.
- 2.6 The Company has made all deductions and withholdings in respect, or on account, of any Tax from any payments made by it which it is obliged or entitled to make and has duly accounted in full to the appropriate authority for all amounts so deducted or withheld.
- 2.7 The Company has not at any time in the period from the date of its incorporation to the date of this Agreement been, liable to Tax in any jurisdiction other than Hong Kong or Cambodia.
- 2.8 All remuneration, compensation payments, payments on retirement or removal from an office or employment and other sums paid or payable to employees or officers or former employees or officers of the Company and all interest, annuities, royalties, rent and other annual payments paid or payable by the Company (whether before or after the date hereof) pursuant to any obligation in existence at the date hereof are and will (on the basis of the taxation legislation in force at the date hereof) be deductible for Tax purposes in computing the profits of the Company.
- 2.9 All documents to which the Company is a party or which form part of the Company's title to any asset or in the enforcement of which the Company is or may be interested which are subject to stamp or similar duty have been duly stamped and, where appropriate or necessary, adjudicated.
- 2.10 The Company is not under any obligation to make any payment of interest or any annual payment for which no relief will be received, whether as a deduction or otherwise, for Tax purposes and save as disclosed in the Accounts or otherwise disclosed, no such payments have been made since the Accounts Date.
- 2.11 The Company has not entered into or been engaged in or been a party to any transaction which is artificial or fictitious or any transaction or series of transactions or scheme or arrangement of which the main or dominant purpose or one of the main or dominant purposes was the avoidance or deferral of or reduction in the liability to Tax of the Company.
- 2.12 No scheme has been effected and no arrangements have been made whereby the value of any asset of the Company has been materially reduced and on a disposal thereof liability to Tax might arise.

- 2.13 The books and records of the Company are accurate and complete in all material respects and in accordance with IFRSs and all transactions entered into by the Company or to which it has been a party was true, accurate and complete in all material respects as at the respective date of entry.

3. Corporate Matters

- 3.1. The Company has been duly incorporated and is validly existing and no order has been made or petition presented or resolution passed for the winding up of any of the Company and no distress, execution or other process has been levied on any of their assets. No receiver or receiver and manager has been appointed by any person of the business or assets or any part thereof of the Company, no power to make any such appointment has arisen, and the Company has not taken any steps to enter into liquidation and there are no grounds on which a petition or application could be based for the winding up or appointment of a receiver of any the Company.
- 3.2. The Vendor is the sole beneficial owner of the Sale Shares, free and clear of any Encumbrance and the Company has not exercised any lien over any of its issued shares and there is no outstanding call on the Sale Shares and the Sale Shares are fully paid up.
- 3.3. The Sale Shares constitute the respective entire issued share capital of the Company.
- 3.4. Save as provided in this Agreement, the Company has no, and has never had any, subsidiary or shares in or stock of any company.
- 3.5. All of the details of the Company supplied prior to the date hereof are accurate and complete in all material respects and the Company has never been a director or other officer of any other company. All of the information set out in of Schedule 1 is correct and accurate and none of the issued share capital of the Company is subject to any Encumbrance. All the issued shares or registered capital (as the case may be) of the Company have been fully paid up.
- 3.6. Save as disclosed prior to the date hereof, the Company has never had any place of business or branch or permanent establishment outside its jurisdiction of incorporation, nor has it carried on any trading activities outside such jurisdiction.
- 3.7. The Company has never reduced, repaid, redeemed or purchased any of its share capital save as disclosed to the Purchaser.
- 3.8. There are no options or other agreements outstanding which call for the issue of or accord to any person the right to call for the issue of any shares in the capital of the Company or the right to require the creation of any mortgage, charge, pledge, lien or other security or encumbrance over the Sale Shares.

- 3.9. The copies of the Memorandum and Articles of Association or other constitutive documents of the Company supplied prior to the date hereof are accurate and complete in all respects and have attached to them copies of all resolutions and agreements which are required to be so attached. The Company has complied with its Memorandum and Articles of Association or other constitutive documents in all respects, has full power, authority and legal right to own its assets and carry on its business and none of the activities, agreements, commitments or rights of the Company is ultra vires or unauthorised.
- 3.10. The register of members and all other statutory books or company records of the Company are up to date and contain true full and accurate records of all matters required to be dealt with therein and the Company has not received any notice for rectification of the Company's register and all annual or other returns required to be filed with the relevant authorities have been properly filed within any applicable time limit and all legal requirements relating to the issue of shares and other securities by the Company have been complied with.
- 3.11. The Company has not repaid any loan capital in whole or in part (other than indebtedness to its bankers) nor has it become bound or liable to be called upon to repay prematurely any loan capital or borrowed monies. As at the date of this Agreement and up to the Completion Date, there are no outstanding loans due from the Company to the Vendor (or any of its associates) and there are no inter-company loans with the subsidiaries of the Vendor, save and except as disclosed in the Accounts (if any).

4. Trading and General Commercial Matters

- 4.1. The fixed and loose plant, machinery, furniture, fixtures and fittings, equipment and vehicles and other tangible assets used in connection with the business of the Company and all additions thereto made since the Accounts Date are the sole and absolute property of and held by the Company free from any liens, mortgages, charges, Encumbrances, hire or hire purchase agreements, credit sale agreements or agreements for payment on deferred terms or bills of sale and the Company has good and marketable title thereto and all such assets are in the possession or under the control of the Company. Neither the construction, positioning or use of the Company's assets, nor the assets themselves, contravene any relevant provision of any legislation, regulation or other requirement having the force of law.
- 4.2. The Company is not a party to:
- (a) any unusual or onerous contract;
 - (b) any contract not made in the ordinary course of business;
 - (c) any contract for the purchase or use by the Company of materials, supplies or equipment which is in excess of the requirements of the Company for its normal operating purposes; and

- (d) any joint venture, agency, shareholders' or partnership arrangement or agreement or similar arrangement or agreement or any agreement which purports to regulate, control or otherwise affect the voting or disposition of its shares.
- 4.3. With respect to each contract, commitment, arrangement, understanding, tender and bid to which the Company is party or by which it is bound, the Company has duly performed and complied or will duly perform or comply in all material respects with each of its obligations thereunder.
- 4.4. There are no loans, guarantees, pledges, mortgages, charges, liens, debentures, encumbrances or unusual liabilities given, made or incurred by or on behalf of the Company to a third party (and, in particular but without limiting the foregoing, no loans have been made by or on behalf of the Company to any directors or shareholders of the Company and its affiliates) and no person has given any guarantee of or security for any overdraft, loan or loan facility granted to the Company.
- 4.5. The execution, delivery and performance of this Agreement will not result in the breach, cancellation or termination of any of the terms or conditions of or constitute a default under any agreement, commitment or other instrument to which the Company is a party or by which the Company or its property or assets may be bound or affected or result in the acceleration of any obligation under any loan agreement or violate any law or any rule or regulation of any administrative agency or governmental body or any order, writ, injunction or decree of any court, administrative agency or governmental body affecting the Company.
- 4.6. There are no agreements concerning the Company which can be terminated or which have been terminated or under which the rights of any person are liable to be materially adversely affected as a result of a change in control of the Company or in the composition of the board of directors of the Company.
- 4.7. The Company does not have any liabilities except liabilities arising in the ordinary course of business, nor does it have any other liabilities direct or indirect, absolute or contingent, not required by generally accepted accounting principles to be referred to in the Accounts. Save as disclosed in the Accounts or as disclosed to the Purchaser prior to the date hereof, the Company does not have any material capital commitments.
- 4.8. The Company is not the subject of any official investigation or inquiry and there are no facts which are likely to give rise to any such investigation or inquiry.
- 4.9. The Company has at all times carried on its business in compliance with all applicable laws and regulations in all material respects. The Company has obtained all registrations, licences and consents necessary to own its assets and for the carrying on of its business, and all such registrations, licences and consents are valid and subsisting and there is no reason why any of them should be suspended, cancelled or revoked (whether as a result of the sale and purchase of the Sale Shares pursuant to this Agreement or otherwise).

- 4.10. The Company has not given any powers of attorney or any other authority express, implied or ostensible which is still outstanding or effective to any person to enter into any contract or commitment to do anything on its behalf other than the authority of employees to enter into routine trading contracts in the normal course of their duties.

5. Insurance

All the assets of the Company which are of an insurable nature have at all times been and are insured in amounts reasonable in the circumstances against such risks as are in accordance with good commercial practice normally insured against.

6. Litigation

- 6.1. The Company has not given any powers of attorney or any other authority express, implied or ostensible which is still outstanding or effective to any person to enter into any contract or commitment to do anything on its behalf other than the authority of employees to enter into routine trading contracts in the normal course of their duties.

- 6.2. Saved as disclosed prior to the date hereof, the Company is not engaged whether as plaintiff or defendant or otherwise in any civil, criminal or arbitration proceedings or any proceedings before any tribunal (save for debt collection by the Company in the ordinary course of business) and there are no proceedings threatened or pending against the Company and there are no facts which are likely to give rise to any litigation or proceedings. There are no unfulfilled or unsatisfied judgments or orders against the Company or any of its assets and there has been no delay by it in the payment of any obligation due for payment.

- 6.3. Save as disclosed prior to the date hereof, there are no current material disputes between the Company and any of its customers, suppliers, employees or officers in relation to goods or services purchased or supplied, plant or machinery, duties or work or any loss, damage or injury resulting therefrom which in aggregate will materially affect the financial position of the Company after the Accounts Date.

7. Employment and Retirement Scheme Matters

- 7.1. There has been no past and there is no existing or threatened or pending industrial or trade dispute involving the Company and any of its employees, there are no agreements or arrangements (whether oral or in writing or existing by reason of custom and practice) between the Company and any trade union or other employees' representatives concerning or affecting the Company's employees and there are no trade unions or other employees' representatives which the Company recognises to any extent for collective bargaining purposes.

- 7.2. The Company has not given notice of any redundancies or lay offs nor started consultations with any independent trade union or employees' representatives regarding redundancies, lay offs or dismissals within the period from the date of incorporation to the date hereof. No circumstances have arisen under which any the Company is likely to be required to pay damages for wrongful dismissal, to make any statutory severance, redundancy or long service payment or to make or pay any compensation for unreasonable dismissal or to make any other payment under any employment protection legislation or to reinstate or re-engage any former employee.
- 7.3. There are no existing service or other agreements or contracts between any the Company and any of its directors or executives or employees which cannot be lawfully terminated by three calendar months' notice or less without giving rise to any claim for damages or compensation other than a statutory redundancy or severance or long service payment, and the Company has complied with all its obligations under all laws and regulations, codes, orders and awards in connection with its employees and with all collective agreements with respect to trade unions or to employees of the Company.
- 7.4. The Company has at all relevant times complied with all its obligations under laws and regulations or otherwise concerning the health and safety at work of its employees, and there are no material claims capable of arising or threatened or pending by any employee or third party in respect of any accident or injury which are not fully covered by insurance.
- 7.5. No term of employment of any employee of the Company provides that a change in control of the Company (however change of control may be defined, if at all) shall entitle the employee to treat the change of control as amounting to a breach of the contract or entitling him to any payment or benefit whatsoever or entitling him to treat himself as redundant or otherwise dismissed or released from any obligation.
- 7.6. Other than as required under the Hong Kong and Cambodian laws and regulations, there are no retirement benefits, pension, provident, superannuation, life assurance, disability or similar schemes, arrangements or obligations for any employees or directors or former employees or directors of the Company or any of their spouses or dependants, and the Company has no any obligation (whether legally binding or established by custom) to pay any pension, allowance or gratuity or make any other payment on termination of service, death or retirement or to make any payment for the purpose of providing any similar benefits to or in respect of any person who is now or has been an officer or employee of the Company or any spouse or dependant of any such person and the Company is not a party to any scheme or arrangement having as its purpose or one of its purposes the making of such payments or the provision of such benefits. The Company has not announced any proposals to establish any such schemes, arrangements or obligations.
- 7.7. The Company has made all contributions required under any pension or retirement or other social security fund scheme in respect of its employees and in accordance with the Hong Kong and Cambodian laws and requirements. All amounts due to the trustees thereof or to any insurance company in connection therewith have been paid.

8. Arrangements with connected persons etc.

- 8.1. All amounts outstanding and appearing in the books of the Company as loan accounts or as due to directors or shareholders wholly represent money or money's worth paid or transferred to the Company as the case may be or remuneration accrued due and payable for services rendered. All amounts outstanding between the Vendor or any of its associates (as such term as defined in the Listing Rules) and the Company are specifically disclosed in the Accounts.
- 8.2. There is not outstanding and there has not at any time been outstanding any contract or arrangement to which the Company is a party and in which the Vendor or any directors or officers of the Company is or has been interested, whether directly or indirectly, other than arm's length service contracts and the Company is not a party to, nor have its profits or financial position at any time been adversely affected by, any contract or arrangement which is not of an entirely arm's length nature; save as aforesaid or otherwise contemplated by this Agreement, there are no agreements or understandings (whether legally enforceable or not) between the Company and any person who is a shareholder or the beneficial owner of any interest in the Company or any other company controlled by any such person relating to the management of the Company's business or the appointment or the removal of its directors or the ownership or transfer of ownership or the letting of any of its assets or the provision of finance, goods, services or other facilities to or by the Company or otherwise howsoever relating to the Company or its affairs.
- 8.3. All costs incurred by the Company have been charged to the Company and not borne by any other company.

9. Matters since the Accounts Date

Since the Accounts Date:

- (a) there has been no interruption or alteration in the nature, scope or manner of the business of the Company which business has been carried on lawfully and in the ordinary and usual course of business so as to maintain it as a going concern;
- (b) there has been no material adverse change in the business or in the financial condition or the position, prospects, assets or liabilities of the business of the Company as compared with the position disclosed by the Accounts and there has been no damage, destruction or loss (whether or not covered by insurance) affecting the said business or its assets;
- (c) the Company has continued to pay its creditors in the ordinary course of business;
- (d) the Company has not, except in the ordinary course of business, acquired, sold, transferred or otherwise disposed of any material assets of whatsoever nature or cancelled, waived, released or discontinued any rights, debts or claims in a material respect;

- (e) no dividends, bonuses or other distributions of any kind have been declared, paid or made in respect of any of the Sale Shares;
- (f) no resolutions have been passed by the Company and nothing has been done in the conduct or management of the affairs of the Company which would be likely materially to reduce the net asset value of the Company;
- (g) the Company has not incurred or become subject to any liability or obligation (absolute or contingent) except current liabilities and obligations, in each case incurred under contracts entered into in the ordinary course of business and consistent with past practice which do not materially increase the nature or amount of liabilities or obligations disclosed in the Accounts; and
- (h) no material changes have occurred in the assets and liabilities (actual or contingent) shown in the Accounts and the Company has not discharged or satisfied any Encumbrance or any other obligation or liability (absolute or contingent) other than liabilities disclosed in the Accounts as at the Accounts Date and current liabilities incurred since the Accounts Date in the ordinary course of business.

10. Accuracy of information provided

All information contained in this Agreement (including the recitals) is true and accurate in all respects and not misleading in any respect.

11. Consents and approval etc.

- 11.1 No consents, authorisations and other approvals of any kind are required under any existing contractual arrangements of the Company or the Vendor for the consummation of the transactions contemplated by this Agreement.
- 11.2 No consents, authorisations or other approvals of any kind are required by the Company or the Vendor from any governmental or other competent regulatory authority for the consummation of the transactions contemplated by this Agreement and all regulatory requirements to which the Company or the Vendor is subject have been satisfied.

SCHEDULE 3 COMPLETION ARRANGEMENTS

At Completion:

1. VENDOR'S COMPLETION OBLIGATIONs

The Vendor shall deliver to the Purchaser or procure the delivery to the Purchaser:

- (a) duly executed instrument of transfer in respect of the Sale Shares in favour of the Purchaser or their nominee together with the relevant certificate for such Sale Shares;
- (b) such other documents (including any power of attorney) as may be required to give good title to the Sale Shares or which may be necessary to enable the Purchaser or their nominees to procure the registration of the same in the name of the Purchaser or their nominee;
- (c) the original of any power of attorney under which any document to be delivered to the Purchaser under this paragraph has been executed;
- (d) in respect of the Target Company, where share certificates had been issued, share certificates in respect of all issued shares together with instruments of transfer and declarations of trust (duly stamped, where appropriate) in respect of any shares which are held by nominees or an indemnity in the agreed form for any lost share certificates;
- (e) in respect of the Target Company, the statutory and minutes books (which shall be written up to but not including the date of Completion), share certificate books, common seal, signature chops, certificate of incorporation, business registration certificate (if any), together with copies of the memorandum and articles of association, cheque books, bank statements, books of account (all complete and written up to Completion), all current insurance policies, all other contracts (if any) to which the Target Company is a party, all audited financial statements and tax returns filed and related correspondence (if any) since incorporation, and all other documents and records of the Target Company;
- (f)
 - (i) copy of the register of members of the Target Company; and
 - (ii) copy of the register of directors of the Target Company,

in each case, showing the change of the shareholder of the Target Company to the Purchaser or their nominee and the change of directors of the Target Company to the Purchaser' nominee(s);
- (g) the new share certificate in respect of the Sale Shares duly issued in the name of the Purchaser or their nominee;

2. PURCHASER' OBLIGATIONS

The Purchaser shall pay the Consideration to the Vendor in accordance with Clause 5; and

- (a) deliver to the Vendor a certified copy of the board resolutions of the Purchaser approving this Agreement and the transactions contemplated herein.

SCHEDULE 4
FORM OF THE CONVERTIBLE BONDS INSTRUMENT

Execution Version

FORM OF THE CONVERTIBLE BONDS INSTRUMENT

DATE:

KASEN INTERNATIONAL HOLDINGS LIMITED
(卡森國際控股有限公司)
(as the Company)

CONVERTIBLE BOND INSTRUMENT
constituting
up to HK\$186,000,000 of convertible bonds
convertible into shares in the Company

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THIS INSTRUMENT is made by way of deed poll on the [●] day of [●]

BY:

- (1) **KASEN INTERNATIONAL HOLDINGS LIMITED (卡森國際控股有限公司)**, an exempted company incorporated in the Cayman Islands and having its registered address at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 496) and with its principal office in Hong Kong at Unit 1107, 11/F, COSCO Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong (the "Company").

RECITAL:

The Company as, in accordance with its articles of association and by a resolution of the Board passed on [●], resolved to create and issue the convertible bonds constituted as provided below:

NOW THIS INSTRUMENT WITNESS AND THE COMPANY DECLARES as follows:

1. INTERPRETATION

- 1.1 In this Instrument, the words and expressions set out below shall have the meanings attributed to them below unless the context otherwise requires:

"Associates"	as defined in the Listing Rules
"Auditors"	the auditors for the time being and from time to time of the Company or if they are unable or unwilling to carry out any action requested by them under these Conditions, such other firm of accountants as may be nominated by the Company for the purpose
"Bonds"	the convertible bonds issued pursuant to this Instrument which shall be in the principal amount stated on the certificate for such bonds
"Bondholder"	Ms. Zhu Jiayun or any person who is for the time being the holder of the Bonds
"Business Day"	a day (excluding Saturday or Sunday) on which banks in Hong Kong are open for business throughout their normal business hours
"Company"	Kasen International Holdings Limited
"Conditions"	the terms and conditions contained in this Instrument

“Conversion Date”	the date on which the Company receives or is deemed to have received a duly completed and executed Conversion Notice from the Bondholder pursuant to Condition 7
“Conversion Notice”	a conversion notice in the form attached as Schedule 1
“Conversion Period”	the period commencing from the date of issue of the Convertible Bonds up to seven days before (and excluding) the Maturity Date
“Conversion Price”	a sum per Conversion Share equivalent to HK\$0.36, subject to adjustment in accordance with the provisions of Condition 8
“Conversion Rights”	the rights pursuant to Condition 6 attached to the Bond to convert the principal amount or a part thereof into Shares
“Conversion Shares”	the Shares to be issued by the Company pursuant to the Conditions, upon conversion of the Bond

“Current Market Price”	<p>while the Shares are listed on the Stock Exchange, means in respect of a Share at a particular date the average of the closing price (as shown in the daily quotation sheets or similar summaries issued by the Stock Exchange) for one Share for the five consecutive dealing days ending on and inclusive of the dealing day immediately preceding such date; provided that if at any time during the said five dealing days the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then;</p> <p>(i) if the Shares to be issued or purchased do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share; and</p> <p>(ii) if the Shares to be issued or purchased rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the amount of that dividend per Share;</p> <p>and provided further that if the Shares on each of the said five dealing days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued or purchased do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share</p>
“Directors”	the directors of the Company
“Employee Share Scheme”	any scheme adopted by the Company in provided that the terms of such scheme comply with the Listing Rules, pursuant to which the Shares or other securities are issued to directors and/or employees of the Group
“Events of Default”	has the meaning ascribed to it in Condition 11.1
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Group”	the Company and its Subsidiaries from time to time

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Maturity Date”	18 months from the date of this Instrument
“Outstanding Amount”	has the meaning ascribed to it in Condition 3.1
“Sale and Purchase Agreement”	the sale and purchase agreement dated 29 September 2023 between the Company, Kasen International Company Limited and the Vendor relating to sale and purchase of the 49% issued capital of KOH KONG ZHEJIANG SEZ CO., LTD.
“Shareholders”	holders of Shares from time to time
“Shares”	the ordinary shares of US\$0.00015 each in the share capital of the Company existing on the date of this Instrument and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) shares or stock resulting from any sub-division, consolidation or re-classification thereof
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	has the meaning ascribed thereto under section 2 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and “holding company” shall also be construed according to such section
“this Instrument”	this instrument constituting the Bonds, as amended from time to time
“Takeover Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong
“Transfer Form”	a transfer form in the form attached as Schedule 2
“Vendor”	Ms. Zhu Jiayun, the vendor under the Sale and Purchase Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
1.2	The expressions “Company” and “Bondholder” shall where the context permits include their respective successors and permitted assigns and any persons deriving title under them.

1.3 In this Instrument, unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender or the neuter include both genders and the neuter. References to this Instrument shall be construed as references to this Instrument as amended or supplemented from time to time. Condition headings are inserted for reference only and shall be ignored in construing this Instrument.

1.4 In this Instrument, unless the context otherwise requires, terms defined in the Sale and Purchase Agreement shall have the same meanings when used herein.

2. AMOUNT AND ISSUE OF BONDS

2.1 The Company hereby constitutes the Bonds, in aggregate amount of up to HK\$186,000,000, which are issued and to be issued in four batches pursuant to the Sale and Purchase Agreement dated 29 September 2023 between the Company, Kasen International Company Limited and the Vendor. The Bonds shall be fully paid in amounts and integer multiples of HK\$500,000 to the Bondholder or her nominees and shall be transferable as provided in Condition 4.

2.2 This Instrument shall take effect as a deed poll for the benefit of the Bondholders from time to time.

2.3 This Instrument shall enure to the benefit of each Bondholder and its (and any subsequent) successors and assignees, each of which shall be entitled severally to enforce this Instrument against the Company.

3. MATURITY

3.1 Subject as provided herein, the outstanding principal amount of the Bond together with such additional amounts as may be payable under the Conditions (including any interest accrued thereon) shall, unless previously converted into Shares or repaid in accordance with these Conditions (the balance from time to time outstanding the “**Outstanding Amount**”), be repaid subject to and in accordance with the terms of the Bonds on the Maturity Date. The Bonds may not be repaid or otherwise redeemed otherwise than in accordance with these Conditions.

3.2 Unless previously redeemed, converted, purchased or cancelled, (i) the Company may, at any time from the date of issue and from time to time prior to the Maturity Date, elect to redeem all or any part of the Bonds registered in the name of the Bondholder for the time being outstanding at the redemption price equal to the outstanding principal amount of such Bonds together with interest accrued thereon; or (ii) the Company will redeem all of the Bonds on the Maturity Date at 100% of the principal amount outstanding together with interest accrued thereon on the Maturity Date.

4. STATUS AND TRANSFER

- 4.1 The obligations of the Company arising under the Bonds constitute general, unsecured obligations of the Company and rank equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law. No application will be made for a listing of the Bonds.
- 4.2 Subject to Conditions 4.3, the Bonds will be transferrable without the consent of the Company except that the Bonds can only be transferred to a connected person of the Company if prior written consent of the Company is obtained.
- 4.3 The Bonds may only be transferred if, and only if, the transfer is made in accordance with any applicable requirements of the Stock Exchange, the Listing Rules, applicable laws and regulations and the provisions of this Condition 4.
- 4.4 Any assignment or transfer of the Bonds shall be in respect of the whole or any part (in multiples of HK\$500,000) of the outstanding principal amount of the Bonds. Title to the Bonds passes only upon the cancellation of the existing certificate and the issue of a new certificate in accordance with Condition 4.5. The Bondholder will (except as otherwise required by law) be treated as the absolute owner of the Bonds for all purposes (whether or not overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the certificates issued in respect of them) and no person will be liable for so treating the Bondholder.
- 4.5 Subject to Conditions 4.2 and 4.3, the Bonds may be transferred by delivery to the Company of a duly executed Transfer Form together with the certificate(s) for the Bond(s) being transferred. The Company shall, within five (5) Business Days of receipt of such documents from the Bondholder, cancel the existing Bond, issue a new Bond and certificate in respect thereof under the seal of the Company in favour of the transferee or assignee as applicable and (if applicable) endorse the certificate of the transferor with the amount of the Bonds so transferred.
- 4.6 Any legal and other costs and expenses which may be incurred by the Company in connection with any transfer or assignment of the Bonds or any request therefor shall be borne by the transferor alone.
- 4.7 The Company shall maintain and give a full and complete register of the Bondholder, the conversion, cancellation and destruction of the Bonds, replacement Bonds issued in substitution for any defaced, lost, stolen or destroyed Bond and of details and addresses of the Bondholder from time to time. The Company shall make available such register to the Bondholder for inspection at all reasonable times and will permit the Bondholder to copy the same.

5. PAYMENTS

- 5.1 All payments by the Company hereunder shall be made in Hong Kong dollars in immediately available funds free and clear of any withholdings or deductions for any present or future taxes, imposts, levies, duties or other charges.
- 5.2 All payments by the Company shall be made to the person shown on the register of Bondholder at 5:00 p.m. on the Business Day prior to the date for payment and shall be made not later than 4:00 p.m. (Hong Kong time) on the due date, by remittance to such Hong Kong dollars bank account in Hong Kong as the Bondholder may notify the Company from time to time or, if the Bondholder so requests, by cashier order or other cleared funds.
- 5.3 If the due date for payment of any amount in respect of the Bonds is not a Business Day, the Bondholder shall be entitled to payment on the next following Business Day in the same manner but shall not be entitled to be paid any interest solely in respect of any such delay.

6. CONVERSION

- 6.1 Subject to the provisions below in this Condition 6.1 and Condition 7, the Bondholder shall have the right during the Conversion Period and exercisable in the manner provided in this Condition 6.1, to convert the whole or any part (in multiples of HK\$500,000) of the outstanding principal amount of the Bonds (the “**Conversion Amount**”) held by the Bondholder into such number of Conversion Shares as will be determined by dividing the principal amount of the Bonds to be converted by the Conversion Price in effect on the Conversion Date provided that:
- (i) the exercise of the conversion rights will not result in the Company being in breach of any provision of the Listing Rules, including the requirement to maintain any prescribed minimum percentage of the issued share capital of the Company held by the public; and
 - (ii) upon exercise of the conversion rights, the Bondholder and his respective associates, together with any parties acting in concert (as defined in the Takeovers Code) with them, will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code, unless (a) such conversion is permissible under the Takeovers Code following the application by the holder of the Convertible Bonds and granting by the Executive of a whitewash waiver and the approval of the shareholders of the Company in this regard; or (b) such Bondholder has fulfilled sufficient financial resources to make a general offer pursuant to Rule 26 of the Takeovers Code.
- 6.2 No fraction of a Share shall be issued on conversion and in lieu thereof the Company shall pay an amount equal to such amount of the Bonds as is not converted.
- 6.3 Shares issued upon conversion shall rank *pari passu* in all respects with all other existing Shares outstanding at the Conversion Date and all Conversion Shares shall include rights to participate in all dividends and other distributions the record date of which falls on or after the Conversion Date.

- 6.4 The Bond which is converted in accordance with these Conditions will forthwith be cancelled and may not be reissued.
- 6.5 For the avoidance of doubt, no further moneys shall, in respect of a particular conversion of the Bonds, be payable by the Bondholder on exercise of its Conversion Rights and on issue of the Conversion Shares.
- 6.6 For the avoidance of doubt, no interest shall accrue or be payable to the Bondholder on the Bonds or any part thereof that have been converted into Conversion Shares from the Conversion Date.

7. PROCEDURE FOR CONVERSION

- 7.1 The Conversion Rights pursuant to Condition 6.1 may, subject as provided herein, be exercised on any Business Day by the Bondholder by giving a ten (10) days' notice prior to such Business Day and delivering to the Company a duly executed Conversion Notice, together with the certificate(s) for the Bonds being converted. Once delivered, a Conversion Notice shall be irrevocable and take effect immediately upon the Conversion Date. If a Conversion Notice is not duly completed or is inaccurate, the Company may reject the same and any intended conversion shall not be treated as taking effect until a duly completed and accurate Conversion Notice is received by the Company.
- 7.2 The Company shall be responsible for payment of all taxes and stamp duty, issue and registration duties (if any) levied in Hong Kong and Stock Exchange levies and charges (if any) and all other expenses (if any) arising on any conversion.
- 7.3 The Shares arising on conversion shall be allotted and issued by the Company, credited as fully paid, to the Bondholder or as it may direct within five (5) Business Days after, but with effect from, the Conversion Date and certificates for the Shares to which the Bondholder shall become entitled in consequence of such conversion shall be available for collection from the Company's address specified in Condition 13.

8. **ADJUSTMENTS TO THE CONVERSION PRICE**

8.1 The Conversion Price shall from time to time be adjusted as follows:

(a) Consolidation or subdivision:

If and whenever there is an alteration to the nominal value of the Shares as a result of consolidation or subdivision, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such alteration by the following fraction:

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

where

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

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

Such adjustment shall become effective from the day following the record date of such consolidation or subdivision.

(b) Bonus issue of Shares:

If and whenever the Company issues any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account and/or capital redemption reserve and including any bonus issue made in conjunction with Listing), other than Shares issued in lieu of a cash dividend, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

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

where

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

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

Such adjustment shall become effective from the day following the record date of such issue of Shares.

(c) Capital Distribution:

If and whenever the Company pays or makes any Capital Distribution to the Shareholders, or shall grant to Shareholders rights to acquire for cash assets of the Group, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such Capital Distribution by the following fraction:

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

where:

- A is the Current Market Price of one Share on the record date of such Capital Distribution; and
- B is the fair market value on the record date of such Capital Distribution, as determined in good faith by the Auditor acting as an expert, of the portion of the Capital Distribution or of such rights which is attributable to one Share.

Such adjustment shall become effective from the day following the record date of such Capital Distribution or grant.

(d) Rights issues of shares or rights to acquire Shares:

If and whenever the Company issues Shares to all or substantially all Shareholders as a class by way of rights, or shall issue or grant to all or substantially all Shareholders as a class, by way of rights, any options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 80% of the Current Market Price per Share on the record date of such issue or grant to Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

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

where:

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

Such adjustment shall become effective from the day following the record date of the issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

(e) Issues at less than Current Market Price:

If and whenever the Company:

- (i) issues (otherwise than as mentioned in sub-paragraph (d) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares); or
- (ii) issues or grants (otherwise than as mentioned in sub-paragraph (d) above) options, warrants or other rights to subscribe for or purchase Shares,

in each case at a price per Share which is less than 80% the Current Market Price on the date of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

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

where:

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

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

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

(f) Issues of convertible securities:

Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this sub-paragraph (f), if and whenever the Company or any Subsidiary issues any securities (other than the Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares or securities which by their terms might be re-designated as Shares to be issued by the Company upon conversion, exchange or subscription or re-designation, at a consideration per Share receivable by the Company or the relevant Subsidiary which is less than 80% of the Current Market Price per Share on the date of the issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue (or grant) by the following fraction:

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

where:

- A is the number of Shares in issue immediately before such issue (or grant);
- B is the number of Shares which the aggregate consideration receivable by the Company for or the Shares to be issued upon conversion or subscription for or exchange of or upon exercise of the right of subscription attached to such securities or for the Shares to be issued or arise from any such re-designation would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued upon conversion into or subscription for or exchange of such securities or upon the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate or the Shares to be issued or to arise from any such re-designation.

Such adjustment shall become effective on the day following the record date of the issue or grant of such securities.

(g) Modification of rights of conversion:

If and whenever there is any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in subparagraphs (d) to (f) above so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 80% of the Current Market Price per Share on the date of such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by the following fraction:

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

where:

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

Notwithstanding the foregoing provisions of this Condition 8.1(g), a right of conversion, exchange or subscription shall not be treated as modified for the foregoing purpose where it is adjusted to take into account of rights and capitalisation issues and other events normally giving rise to adjustment of the conversion terms.

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

8.2 For the purpose of any calculation of the consideration receivable pursuant to Condition 8.1, the following provisions shall apply:

(a) Issue of Shares for cash:

the aggregate consideration receivable for Shares issued for cash shall be the amount of such cash provided that in no case shall any deduction be made for any commission or any expenses paid or incurred by the Company for any underwriting of the issue or otherwise in connection therewith;

(b) Issue of Shares on conversion or exercise of securities:

- (i) the aggregate consideration receivable for the Shares to be issued upon the conversion into or subscription for or exchange of, any securities shall be deemed to be the consideration received or receivable by the Company for any such securities, and
- (ii) the aggregate consideration receivable for the Shares to be issued upon the exercise of rights of subscription attached to any securities shall be deemed to be that part (which may be the whole) of the consideration received or receivable by the Company for such securities which is attributed by the Company to such rights of subscription or, if no part of such consideration is so attributed, the fair market value of such rights of subscription as at the date of announcement of the terms of issue of such securities (as determined in good faith by a reputable independent merchant bank selected by the Company), plus in the case of each of paragraph (i) above and this paragraph (ii), the additional minimum consideration (if any) to be received by the Company upon the conversion or exchange of such securities, or upon the exercise of such rights of subscription attached thereto (the consideration in all such cases to be determined subject to the proviso in Condition 8.2(a)); and
- (iii) the consideration per Share receivable by the Company upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such securities shall be the aggregate consideration referred to in (i) or (ii) above (as the case may be) converted into Hong Kong dollars if such consideration is expressed in a currency other than Hong Kong dollars at such rate of exchange as may be determined in good faith by a reputable independent merchant bank selected by the Company to be the spot rate ruling at the close of business on the date for the issue of such securities, divided by the number of Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate.

8.3 Where more than one event which gives, or may give, rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of the Auditors the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the provisions of Conditions 8.1 and 8.2 as may be advised by the Auditors to be in their opinion appropriate in order to give such intended result.

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

- (i) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon exercise of any rights (including any conversion of the Bonds or any other convertible note of the same class as the Bonds to acquire Shares provided that an adjustment has been made under Condition 8.1 in respect of the issue of such securities or granting of such rights (as the case may be); and

- (ii) an issue of Shares or other securities of the Company or any subsidiary of the Company wholly or partly convertible into, or rights to acquire, Shares to officers or employees of the Company or any of its subsidiaries pursuant to any Employee Share Scheme;

- 8.5 Any adjustment to the Conversion Price shall not involve an increase in the Conversion Price (except upon any consolidation of the Shares pursuant to Condition 8.1(a)). The minimum Conversion Price shall not be less than the par value of each Conversion Share. If an adjustment is not made to the Conversion Price because it would reduce it below the then par value of each Conversion Share and such par value is subsequently reduced then any adjustment not previously made shall be immediately made to the Conversion Price on such reduction in par value but only to the extent that such adjustment will not reduce the Conversion Price below the newly reduced par value. Where an adjustment would reduce the Conversion Price to below the par value of each Conversion Share the Conversion Price shall be reduced to such par value subject to the provisions of this Condition.
- 8.6 On any adjustment, the resultant Conversion Price shall be rounded down to the nearest Hong Kong cent but no adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one cent. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustments shall be given to Bondholders as soon as practicable after the determination thereof.
- 8.7 The Auditors shall certify every adjustment to the Conversion Price in writing. Notice of any adjustments, including the new Conversion Price and the effective date thereof, shall be given to Bondholders as soon as practicable after the determination thereof. In giving any certificate or making any adjustment hereunder, the Auditors 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 Company and the Bondholder and all persons claiming through or under them respectively.
- 8.8 The Company shall make available for inspection at its registered office in Hong Kong at all times after the effective date of the adjustment in Conversion Price and so long as any Bond remains outstanding, a signed copy of the certificate of the Auditors and a certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to the adjustment, the adjusted Conversion Price and the effective date thereof and shall, on request, send a copy thereof to the Bondholder.
- 8.9 If the Conversion Date in relation to any Bond shall be on or after a date with effect from which an adjustment to the Conversion Price takes effect but yet which has not been reflected in the relevant Conversion Price (where for example any adjustment to the Conversion Price for a prior event is still being determined), the Company shall (conditional upon such adjustment becoming effective) procure that there shall be issued to the converting Bondholder or in accordance with the instructions contained in the Conversion Notice (subject to any applicable exchange control or other laws or other regulations) such additional number of Shares as, together with the Shares issued

or to be issued on conversion of the relevant Note, is equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had in fact been made and become effective immediately after the relevant record date. Such additional Shares shall be allotted as at, and within one month after, the relevant Conversion Date or, if the adjustment results from the issue of Shares, the date of issue of Shares. Certificates for such Shares shall be despatched within such period of one month.

8.10 For the purposes of this Condition 8:

“**announcement**” shall include the release of an announcement to the press or the delivery or transmission by telephone, facsimile, electronic means or otherwise of an announcement to the Stock Exchange and “date of announcement” shall mean the date on which the announcement is first released, delivered or transmitted;

“**Capital Distribution**” shall (without prejudice to the generality of that phrase) include any dividends, capital distributions or distributions in cash or specie;

“**issue**” shall include allot;

“**record date**” shall mean the relevant date of the event or, if Shareholder entitlements to participate in such event have been determined as at an earlier record date, such earlier record date;

“**reserves**” includes unappropriated profits; and

“**rights**” includes rights in whatsoever form issued.

9. **INTEREST**

- 9.1 The Bonds shall bear interest from (and including) the date of issue to (and including) the Maturity Date at the rate of 5.0% per annum. Interest shall accrue on a daily basis based on the number of days elapsed on the basis of a 365-day year and shall be payable semi-annually in arrears by the Company to the Bondholder at the close of business on _____, _____ and the Maturity Date.

10. **PROTECTION OF THE BONDHOLDER**

So long as any part of the Bond are outstanding, unless with the prior written approval of the Bondholder:

- (a) the Company shall from time to time keep available for issue, free from preemptive rights, out of its authorised but unissued capital sufficient Shares to satisfy in full the Conversion Rights and the terms of any other securities for the time being in issue which are convertible into or have the right to subscribe for Shares;
- (b) the Company shall ensure that all Shares issued upon conversion of the Bonds will be duly and validly issued fully paid or credited as fully paid and rank *pari passu* with all other Shares then on issue;

- (c) the Company shall pay all fees, capital and stamp duties payable, if any, in respect of the issue of Shares upon conversion of all or part of the Bonds;
- (d) as soon as possible, and in any event not later than seven (7) Business Days after the announcement of the full terms of any event which gives rise to adjustments pursuant to Condition 8, the Company give notice to the Bondholder advising it of the date on which the relevant adjustment of the Conversion Price is likely to become effective and of the effect of exercising the Conversion Rights pending such date;
- (e) the Company shall comply with and procure the compliance of any conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for the listing of and permission to deal in the Shares issued or to be issued from time to time;
- (f) in the case of any consolidation, amalgamation or merger of the Company with any other corporation (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), or in the case of any sale or transfer of all, or substantially all, of the assets of the Company, the Company shall forthwith notify the Bondholder of such event and (so far as legally possible) cause the corporation resulting from such consolidation, amalgamation or merger or the corporation which shall have acquired such assets, as the case maybe, to execute a deed to ensure that the Bondholder then outstanding will have the right (during the period in which the Bonds shall be convertible) to convert such Bonds into the class and amount of shares and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares which would have become liable to be issued upon conversion of the Bonds immediately prior to such consolidation, amalgamation, merger, sale or transfer; the provisions of this Condition 10.1(f) shall apply in the same way to any subsequent consolidations, amalgamations, mergers, sales or transfers;
- (g) the Company shall not in any way modify the rights attaching to the Shares or create or issue or permit to be in issue any other 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 attach any special rights or privileges to any such other class of equity share capital provided that nothing, in this paragraph shall prevent any consolidation or sub-division of the Shares;
- (h) the Company shall have Shares of such par value so as to ensure that any conversion of the Bonds for Shares would not constitute a subscription for the Shares at an amount less than the par value of the Shares; and
- (i) the Company shall obtain and promptly renew (if appropriate) from time to time, all such authorisations, approvals, consents, licences and exemptions as may be required under any applicable law or regulation to enable it to perform its obligations under the Bonds or which are required for the validity or enforceability of the Bonds.

11. EVENTS OF DEFAULT

11.1 If any of the events (“**Events of Default**”) specified below occurs, the Company shall on demand of the Bondholder forthwith redeem the Bonds in full in cash or the Bondholder may convert the Bonds into Conversion Shares in accordance with these Conditions. The relevant Events of Default are:

- (a) the Company fails to pay the principal on the Bonds when due on the Maturity Date; or
- (b) the Company defaults in performance or observance or compliance with any of its other obligations set out in the Sale and Purchase Agreement which default is incapable of remedy or, if capable of remedy, is not in the reasonable opinion of the Bondholder remedied within 14 days after notice of such default shall have been given to the Company by the holder of the Bonds; or
- (c) an security holder takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company; or
- (d) the Company becomes insolvent or the Company shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, composition or insolvency law or scheme of arrangement while insolvent and such proceedings shall not have been discharged or stayed within a period of 30 days (or such longer period as the Bondholder may consider appropriate); or
- (e) an order of court is made or an effective resolution of shareholders is passed for the winding up of the Company or the Company ceases or threatens to cease carrying on all or substantially all or a material part of its business or operations; or
- (f) a moratorium is agreed or declared in respect of any indebtedness of the Company or any governmental authority or agency seizes, compulsorily purchases, expropriates or nationalizes all or a substantial part of the assets of the Company; or
- (g) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any part of the property, assets or revenues of the Company and is not discharged or stayed within 45 days (or such longer period as the holder of the Bonds may consider appropriate in relation to the event concerned and confirm so in writing); or
- (h) proceedings shall have been initiated (that is, issued and served) against the Company under any applicable bankruptcy, composition or insolvency law or scheme of arrangement while insolvent and such proceedings shall not have been discharged or stayed within a period of 60 days (or such longer period as the Bondholder may consider appropriate and confirm so in writing); or

- (i) any warranty is or proves to have been incorrect or misleading in any material respect when made or deemed to be made, or there is a material breach by the Company of any warranty or obligation under the Sale and Purchase Agreement;
- (j) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done by the requisite time or, if in the opinion of the holder of the Bonds such situation is capable of remedy, within 30 days of the time when the Company becomes (or ought reasonably to have become) aware of the same; or
- (k) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under the Bonds.

11.2 The Company shall forthwith on becoming aware of any such Event of Default give notice in writing thereof to the Bondholder.

11.3 The Company shall fully indemnify the Bondholder in respect of the liability of the Company hereunder upon the occurrence of an Event of Default and from and against any costs, expenses, liabilities and losses (including legal fees and costs) which the Bondholder would suffer or incur as a result of or in connection with enforcing repayment of the Bonds and/or any obligation of the Company under the Bonds.

12. REPLACEMENT OF BOND CERTIFICATES

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

12.2 Any certificate for the Bond replaced in accordance with this Condition shall forthwith be cancelled. All reasonable administrative costs and expenses associated with the preparation, issue and delivery of a replacement certificate for the Bond shall be borne by the Bondholder.

13. NOTICES

All notices to Bondholders or the Company shall be validly given if delivered in accordance with Clause 10 (Notices) of the Sale and Purchase Agreement.

14. OBLIGATIONS

Each and every obligation, covenant, representation, warranty and undertaking of the Company provided herein shall be the obligations, covenants, representations, warranties and undertakings of the Company.

15. GOVERNING LAW AND JURISDICTION

This Instrument and any dispute or claim arising out of or in connection with it or its subject matter, existence, negotiation validity termination or enforceability shall be governed by and construed in accordance with Hong Kong law and the parties submit to the non-exclusive jurisdiction of the Hong Kong courts.

SCHEDULE 1

KASEN INTERNATIONAL HOLDINGS LIMITED

convertible bonds of up to HK\$186,000,000 (the “**Bonds**”)

CONVERSION NOTICE

The undersigned hereby irrevocably requires the Company to convert all of the Bonds specified below into shares of US\$0.00015 each, of Kasen International Holdings Limited (the “**Company**”) in accordance with the Conditions and the terms below.

Principal amount of the Bonds:

Principal Amount of
Bonds to be converted:

Applicable Conversion Price:
(to be confirmed by the Company in accordance with the Conditions)

Name in which Shares to be registered: _____

Address of registered shareholder:

Signature of Bondholder:

Name of Bondholder:

Address of Bondholders:

Delivery Instructions: Name:
 Address:
 Other:

Note: *The Conversion Date shall be determined by the Company.*

Defined terms used in this Notice have the same meaning as given to them in the Bonds Instrument issued by the Company dated

SCHEDULE 2

FORM OF TRANSFER

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to

.....
.....

(PLEASE PRINT OR TYPE NAME AND ADDRESS OF TRANSFEREE)

HK\$..... principal amount of the Bonds in respect of which this Certificate is issued, and all rights in respect thereof and irrevocably request the Company to transfer the aforesaid principal amount of the Bonds on the books of Kasen International Holdings Limited maintained in respect thereof.

All payments in respect of the principal amount of the Bonds transferred are to be made (unless otherwise instructed by the transferee) to the following account:

Name of bank:

HK\$ account number:

For the account of:

Confirmed by:

Dated:

Transferee's authorised signature

Name:

Transferor's authorised signature

Notes:

1. *A representative of the Bondholder should state the capacity in which he signs (e.g. executor).*
2. *The signature of the person effecting a transfer shall conform to any list of duly authorised specimen signatories supplied by the registered holder or be certified by a recognised bank, notary public or in such other manner as the Company may require.*
3. *In the case of joint holders, all joint holders must sign this transfer form.*
4. *The signatory to this transfer must correspond to the name as it appears on the face of the attached Bond.*

SCHEDULE 3

FORM OF BOND CERTIFICATE

Amount HK\$ [•] Certificate No. [•]

KASEN INTERNATIONAL HOLDINGS LIMITED
(An exempted company incorporated in the Cayman Islands with limited liability)

convertible bonds of up to HK\$186,000,000 (the “**Bonds**”)

(forming part of a series of Bonds in the aggregate principal amount of up to HK\$186,000,000 issued pursuant to the memorandum and articles of association of Kasen International Holdings Limited (the “**Company**”), the Instrument between, among others, the Company and [•] dated creating this Bond (a copy of which is attached) and a resolution of its board of directors passed on .)

THIS IS TO CERTIFY that the Company will pay to [•] of [•], being the holder (the “**Bondholder**”) of this Bond, on the Maturity Date (or on such earlier date as such sum may become payable in accordance with the Conditions (as defined in the Instrument)) the principal sum stated above together with such premium and additional amounts as may be payable under the Conditions, in accordance with the Conditions. This Bond is issued with the benefit of and subject to the Conditions which are binding on the Company and the Bondholder.

GIVEN under the Seal of the Company on

Director

Director

This Bond cannot be transferred to bearer on delivery and is transferable only to the extent permitted by Condition 4 as set out in the Instrument. This Bond 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 or assignment)

<u>Date</u>	<u>Amount Converted</u>	<u>Amount transferred</u>	<u>Amount Outstanding</u>
-------------	-------------------------	---------------------------	---------------------------

IN WITNESS whereof this Instrument has been duly executed and delivered by the Company as a deed poll on the date first above written

SIGNED, SEALED AND DELIVERED)	
as a DEED with the common seal of)	
KASEN INTERNATIONAL)	
HOLDINGS LIMITED)	
(卡森國際控股有限公司))	
being affixed thereto in accordance)	
with its articles and association :)	
in the presence of)	
)	
)	
)	
)	
.....)
Signature of authorised person)	Signature of authorised person
)	
.....)
Office held)	Office held
)	
.....)
Name of authorised person (block letters))	Name of authorised person (block letters)

ANNEXURE 1 ACCOUNTS

SIGNED by ZHU ZHANGJIN
for and on behalf of
KASEN INTERNATIONAL
HOLDINGS LIMITED
in the presence of:-

YIU HOI YAN

For and on behalf of
卡森國際控股有限公司
KASEN INTERNATIONAL HOLDINGS LTD.


Authorized Signature(s)

SIGNED by ZHU ZHANGJIN
for and on behalf of
KASEN INTERNATIONAL
COMPANY LIMITED
in the presence of:-

YIM HOI YAN

For and on behalf of
Kasen International Company Limited



.....
Authorized Signature(s)

SIGNED by ZHU JIAYUN
in the presence of:-

Kate .
YIM HOI YAN

Farm 2hr