① 601 - NPA
Note

Execution Version

DATED December 13, **2019**

(1) Rare Earth Magnesium Technology Group Holdings Limited
稀鎂科技集團控股有限公司

(2) Hong Kong New Materials Industry Investments Limited
香港新材料產業投資有限公司

(3) Xinjiang Tengxiang Magnesium Products Company Limited
新疆騰翔鎂製品有限公司

- and –

(4) Mega Prime Development Limited

NOTE PURCHASE AGREEMENT

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THIS NOTE PURCHASE AGREEMENT (this "**Agreement**") is dated December 13, 2019, and is made:

BETWEEN

(1) **RARE EARTH MAGNESIUM TECHNOLOGY GROUP HOLDINGS LIMITED (稀鎂科技集團控股有限公司)**, an exempted company with limited liability incorporated under the laws of Bermuda with its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and whose ordinary shares are listed on the HKSE (as defined below) with stock code 601 (the "**Company**");

(2) **Hong Kong New Materials Industry Investments Limited (香港新材料產業投資有限公司)**, a private company limited by shares incorporated under the laws of Hong Kong with the company registration No. 2230522 (the "**HK Subsidiary**");

(3) **Xinjiang Tengxiang Magnesium Products Company Limited (新疆騰翔鎂製品有限公司)**, a limited liability company incorporated under the laws of the People's Republic of China with its registered office at Heavy Industry Park, Yizhou District, Hami City, Xinjiang, China (the "**WFOE**"); and

(4) **MEGA PRIME DEVELOPMENT LIMITED,** a business company with limited liability incorporated under the laws of the British Virgin Islands with its registered office at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, the BVI (the "**Investor**").

Each a "Party" and collectively the "**Parties**".

WHEREAS

A. The Company is a company listed on the Main Board (as defined below) of the HKSE with stock code 601.

B. The Company desires to issue to the Investor, and the Investor desires to purchase from the Company secured guaranteed note of an aggregate principal amount of HK$100,000,000 due 2022 in the form attached hereto as Exhibit 1 (the "**Note**") pursuant to the terms and subject to the conditions of this Agreement.

C. The Warrantors and the Investor desire to enter into this Agreement on the terms and conditions hereof.

IT IS AGREED as follows:

1. Definitions and Interpretation

1.1 Definitions

In this Agreement:

"Affiliate" means, with respect to a Person, any other Person that, directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person.

"Agreement" has the meaning set forth in the Preamble of this Agreement.

"Approval" means any approval, licence, authorisation, release, order, or consent required to be obtained from, or any registration, qualification, designation, declaration, filing, notice, statement or other communication required to be filed with or delivered to, any Governmental Authority or any other Person, or any waiver of any of the foregoing.

"Assets" means any present and future assets, properties, undertakings, rights, claims, contracts, interests and privileges of any type and description, real, personal or mixed, whether tangible or intangible.

"Board" means the board of directors of the Company.

"Business" means the research and development, production and sales of magnesium products and investment holding.

"Business Day" means a day on which commercial banks in Hong Kong are generally open for normal business other than Saturday and Sunday or a public holiday, or a day on which commercial banks do not open for business owing to a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal being in force in Hong Kong.

"Closing" has the meaning set forth in Clause 2.2 of this Agreement.

"Closing Date" has the meaning set forth in Clause 2.2 of this Agreement.

"Company" has the meaning set forth in the Preamble of this Agreement.

"Confidential Information" has the meaning set forth in Clause 6.1(a) of this Agreement.

"Consideration" has the meaning set forth in Clause 2.1 of this Agreement.

"Contract" means, with respect to any Person, any oral or written contract, agreement, undertaking, understanding, indenture, option, warrant or other form of obligation which upon exercise would require the Company to issue any Equity Securities, note, bond, loan or other form of debt obligation, instrument, lease, mortgage, deed of trust, franchise, or licence to which such Person is a party or by which such Person or any of its property is bound.

"Control" means, with respect to any Person, the power or authority, whether exercised or not, to direct the business, management, policies or activities of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to appoint or remove or control the composition of a majority of the board of directors of such Person. The terms **"Controlled"** and **"Controlling"** have meanings correlative to the foregoing.

"Corporate Guarantee" means the deed of guarantee to be executed by the Guarantor in favor of the Investor to guarantee the payment and performance obligations of the Company under the Transaction Documents on or prior to the Closing Date in the form attached hereto as Exhibit 4.

"**Debt to Asset Ratio**" has the meaning set forth in the Terms and Conditions.

"**Deed of Adherence**" means a deed of adherence to be executed by any transferee of the Note pursuant to the terms of the Transaction Documents in the form attached hereto as Exhibit 2.

"**Default**" has the meaning set forth in the Terms and Conditions.

"**Designated Bank Account**" means the following bank account:

Bank Name: BANK OF COMMUNICATIONS CO., LTD (HONG KONG BRANCH)
Account No.: 027-532-0-213237-1

"**Disclosing Party**" has the meaning set forth in Clause 6.1(d) of this Agreement.

"**Encumbrance**" means any interest or equity of any Person (including any right to acquire, option or right of pre-emption or first offer or first refusal) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or other security agreement or arrangement or any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

"**Equity Pledge**" means the equity pledge under the PRC Laws to be granted by the HK Subsidiary in favor of the Investor in respect of 100% of the equity interest in the WFOE in the form attached hereto as Part 1 of Exhibit 5.

"**Equity Securities**" means, with respect to any Person, such Person's shares, capital stock, membership interests, partnership interests, registered capital, joint venture or other ownership interests or any options, warrants or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, such capital stock, membership interests, partnership interests, registered capital or joint venture or other ownership interest (whether or not such derivative securities are issued by such Person).

"**Event of Default**" has the meaning set forth in the Terms and Conditions.

"**Exchange Business Day**" means any day on which the HKSE is scheduled to be open for trading for its regular trading sessions (notwithstanding the HKSE closing prior to its scheduled weekday closing times, and without regard to after hours or any other trading outside of the regular trading session hours).

"**Fee Letter**" means a letter agreement setting forth the terms and conditions of the handling fee payment in the form attached hereto as Exhibit 6 entered into by and between the Company and the Investor on the date hereof.

"**Fixed Asset Mortgage**" means the fixed asset mortgage under the PRC Laws to be granted by the WFOE in favor of the Investor in respect of all of the fixed assets in the WFOE in the formed attached hereto as Part 2 of Exhibit 5.

"**Fully-Diluted**" means the calculation of shareholding ratio on the basis of the assumption that all the outstanding options, warrants and other stock equity securities convertible into, exercisable or exchangeable for ordinary shares of the relevant company (whether or not they are at present convertible, exercisable or exchangeable according to the relevant provisions) have been converted, exercised or exchanged accordingly.

"Governmental Authority" means any nation or government or any federation, province or state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission, instrumentality, securities exchange (including the HKSE), supervisory or regulatory body of any country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organisation.

"Governmental Order" means any applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority.

"Group" means the Company and its Subsidiaries; and **"Group Member"** means a member of the Group.

"Guarantor" means Century Sunshine Group Holdings Limited (世紀陽光集團控股有限公司), an exempted limited liability company incorporated under the Laws of the Cayman Islands with its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and whose ordinary shares are listed on the HKSE with stock code 509.

"HK Dollar" or **"HKD"** or **"HK$"** means Hong Kong Dollars, the lawful currency of Hong Kong.

"HKAS" means Hong Kong Accounting Standard.

"HKSE" means The Stock Exchange of Hong Kong Limited.

"HK Subsidiary" has the meaning set forth in the Preamble of this Agreement.

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

"Indebtedness" means any indebtedness for or in respect of (a) money borrowed; (b) any issue of bonds, notes or any similar debt instrument; or (c) the amount of any liability in respect of any guarantee for any of the items referred to in (a) or (b).

"Indemnifiable Loss" means, with respect to any Person, any action, cost, damage, disbursement, expense, liability, loss, deficiency, diminution in value, obligation, penalty or settlement of any kind or nature. Indemnifiable Loss shall include, but shall not be limited to, (i) interest or other carrying costs, penalties, legal, accounting and other professional fees and expenses incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement, that may be imposed on or otherwise incurred or suffered by such Person and (ii) any Taxes that may be payable by such Person by reason of the indemnification of any Indemnifiable Loss hereunder.

"Indemnified Party" has the meaning set forth in Clause 7.3(b) of this Agreement.

"Indemnifying Party" has the meaning set forth in Clause 7.3(b) of this Agreement.

"Intellectual Property" means any and all (a) patents, all patent rights and all applications therefor and all reissues, reexaminations, continuations, continuations-in-part, divisions, and patent term extensions thereof, (b) inventions (whether patentable or not), discoveries, improvements, concepts, innovations and industrial models, (c) registered and unregistered copyrights, copyright registrations and applications, author's rights and works of authorship (including artwork of any kind and software of all types in whatever medium, inclusive of computer programs, source code, object code and executable code, and related documentation), (d) URLs, web sites, web pages and any part thereof, (e) technical information, know-how, trade secrets, drawings, designs, design protocols, specifications for parts and devices, quality assurance and control procedures, design tools, manuals, research data concerning historic and current research and development efforts, including the results of successful and unsuccessful designs, databases and proprietary data, (f) proprietary processes, technology, engineering, formulae, algorithms and operational procedures, (g) trade names, trade dress, trademarks, domain names, and service marks, and registrations and applications therefor, and (h) the goodwill of the Business symbolized or represented by the foregoing, customer lists and other proprietary information and common-law rights.

"Investor" has the meaning set forth in the Preamble of this Agreement and shall include any Person or Persons who execute a Deed of Adherence to become a party to this Agreement.

"Issue Date" has the meaning set forth in the Terms and Conditions.

"Latest Financial Statements" means the published consolidated balance sheets, income statement and cash flow statements of the Group for the six months ended 30 June 2019.

"Law" or "Laws" means any constitutional provision, statute or other law, rule, regulation, guidance, decisions, published official policy or published official interpretation of any Governmental Authority and any injunction, judgment, order, ruling, assessment or writ issued by any Governmental Authority.

"Liabilities" means, with respect to any Person, all liabilities owing by such Person of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due.

"Listing Rules" means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

"Long Stop Date" December 31, 2019 or such other date as mutually agreed in writing by the Investor and the Company.

"Main Board" means the stock exchange (excluding the option market) operated by HKSE which is independent from and operates parallel with the GEM of the HKSE.

"Material Adverse Effect" means a material adverse effect on:

(i) the validity or enforceability of any of the Transaction Documents;

(ii) the business, operations, Assets, Liabilities or condition (financial or otherwise) of the Group taken as a whole;

(iii) the ability of any Warrantor to perform its obligations under any of the

Transaction Documents to which it is a party; or

(iv) the rights and remedies of the Investor under any of the Transaction Documents.

"Memorandum and Bye-laws" means the Memorandum of Association and **Bye-laws** of the Company, as amended from time to time.

"Note" has the meaning set forth in Recital B.

"Note Certificate" means the certificate to be issued by the Company to the Noteholder in respect of the Note in the form attached hereto as Exhibit 1.

"Noteholder" means a holder of any amount of the Note from time to time and shall initially be the Investor.

"Obligor" means each of the Warrantors and the Guarantor.

"Ordinary Course of Business" means an action taken by any Person in the ordinary course of such Person's business that is consistent with the past customs and practices of such Person (including past practice with respect to quantity, amount, magnitude and frequency, standard employment and payroll policies and past practice with respect to management of working capital and the making of capital expenditures) and that is taken in the ordinary course of the normal day-to-day operations of such Person.

"Parties" means collectively all the parties to this Agreement, and "**Party**" means each party to this Agreement.

"Permitted Encumbrances" means collectively (i) the Equity Pledge and (ii) the Fixed Asset Mortgage.

"Person" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity.

"PRC" means the People's Republic of China excluding, for the purposes of this Agreement, Hong Kong, Macau Special Administrative Region and Taiwan.

"Public Information" means all information contained in any announcement, circular, report or other document issued by the Company either (i) under the Listing Rules, or (ii) on a voluntary basis through the HKSE.

"Public Official" means any employee of a Governmental Authority, member of a political party, political candidate, officer of a public international organisation, or officer or employee of a state-owned enterprise, including a PRC state-owned enterprise.

"Register of Noteholders" means the Company's register of holders of the Note.

"Reimbursed Expenses" has the meaning set forth in Clause 7.7(a) of this Agreement.

"Representative" means a director, officer or employee.

"Requisite Majority Holders" has the meaning set forth in the Terms and Conditions.

"Security Documents" means (i) the Equity Pledge; (ii) the Fixed Asset Mortgage; (iii) the Corporate Guarantee, and (iv) any other document agreed as such by the Company and the Investor, and each a **"Security Document"**.

"SFC" means the Hong Kong Securities and Futures Commission of Hong Kong.

"Shares" means ordinary shares of HK$0.10 each in the share capital of the Company and if there is a sub-division, consolidation or reclassification of those shares, the shares resulting from it, and "Share" shall be construed accordingly.

"Statement Date" means the date of the Latest Financial Statements.

"Subsidiary" means a company which is for the time being and from time to time a subsidiary of the Company within the meaning of section 15 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong).

"Subscription" means the subscription and purchase of the Note pursuant to Clause 2.1 of this Agreement.

"Tax" or **"Taxes"** means all applicable forms of taxation, duties, levies imposts and social security charges, whether direct or indirect including without limitation corporate income tax, wage withholding tax, national social security contributions and employee social security contributions, value added tax, business tax, customs and excise duties, capital tax and other legal transaction taxes, dividend withholding tax, dividend distribution tax, land taxes, environmental taxes and duties and any other type of taxes or duties payable by virtue of any applicable national, regional or local law or regulation and which may be due directly or by virtue of joint and several liability in any relevant jurisdiction; together with any interest, penalties, surcharges or fines relating to them, due, payable, levied, imposed upon or claimed to be owed in any relevant jurisdiction.

"Tax Return" means report or statement showing Taxes, used to pay Taxes, or required to be filed with respect to any Tax (including any elections, declarations, schedules or attachments thereto, and any amendment thereof), including any information return, claim for refund, amended return or declaration of estimated or provisional Tax.

"Terms and Conditions" means the terms and conditions on which the Note shall be issued by the Company, as attached to the Note Certificate.

"Transaction Documents" means (i) this Agreement, (ii) the Note Certificate(s) (together with the Terms and Conditions), (iii) the Security Documents, (v) the Fee Letter and (vi) any deeds of adherence, other agreements, instruments, certificates executed or entered into pursuant to or in connection with any of the foregoing and any other document designated in writing as such by the Investor.

"Warranties" has the meaning set forth in Clause 3.1 of this Agreement.

"Warrantors" means collectively the Company, the HK Subsidiary and the WFOE, and each a **"Warrantor"**.

"WFOE" has the meaning set forth in the Preamble of this Agreement.

"Winding-up" means bankruptcy, restructuring, composition, winding-up, amalgamation, reconstruction, administration, judicial management, dissolution, liquidation, insolvency, merger or consolidation or any analogous procedure or step in any jurisdiction, and in the case of amalgamation, reconstruction, merger or consolidation, the entity involved is or becomes insolvent.

1.2 Headings. The headings and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

1.3 Miscellaneous. In this Agreement, unless the context requires otherwise:

(a) references to "Clauses", "Recitals", "Schedules", "Annexures", and "Exhibits" are references to those in this Agreement; references to Sub-sections or Paragraphs are, unless otherwise stated, references to sub-sections of the Clause or Paragraphs of the Schedule in which the reference appears;

(b) references to the singular shall include the plural and vice versa and references to the masculine shall include the feminine or neuter and vice versa;

(c) the term "or" is not exclusive;

(d) the terms "herein", "hereof", and other similar words refer to this Agreement as a whole and not to any particular section, sub-section, paragraph, clause, or other subdivision;

(e) the terms "include" and "including" shall be construed to mean "including without limitation";

(f) the terms "shall", "will", and "agrees" are mandatory, and the term "may" is permissive;

(g) the term "day" means "calendar day";

(h) the phrase "in agreed form" means the form agreed between the Parties;

(i) references to "indebtedness" include any obligation (whether incurred as principal or as surety) for the payment or repayment of money borrowed, whether present or future, actual or contingent, secured or unsecured or otherwise, and whether given as principal, surety or otherwise, for or in respect of the payment or repayment of money borrowed or raised;

(j) references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions from time to time and shall include references to any provisions of which they are re-enactments (whether with or without modification);

(k) references to any document are to be construed as references to such document as amended, supplemented, extended, restated, novated and/or replaced in any manner from time to time;

(l) a reference to a legal term for a legal document, court, judicial process, action, remedy, legal status, official or any other legal concept, in respect of a jurisdiction other than Hong Kong, shall be deemed to be a reference to whatever most closely equates to the Hong Kong legal term in that jurisdiction;

(m) references to dates and times are references to Hong Kong dates and times;

(n) the Recitals, Schedules, Annexures and Exhibits to this Agreement form part of it and shall have the same force and effect as if expressly set out in the body of this Agreement; and

(o) for any other purposes where it may be necessary to effect a currency conversion, such conversion shall be in accordance with the posted exchange rate, as determined by the median rate for buying and selling announced by the People's Bank of China or other legally recognized rate agreed by the Parties on the date of actual receipt or payment, or on the relevant date on which an amount needs to be referenced.

1.4 **Third-Party Rights**. Except as expressly provided herein, this Agreement does not confer any rights on any person or party under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of Laws of Hong Kong), and no third-party consent is required for any variation (including any release or compromise of any liability under) or termination of this Agreement.

2. Issue and Purchase

2.1 Subscription.

Subject to the terms and conditions hereof, the Company shall issue to the Investor, and the Investor shall purchase from the Company on the Closing Date, the Note in an aggregate principal amount of HK$100,000,000 (such principal amount, the "**Consideration**").

2.2 Closing.

The consummation of the issue and purchase of the Note (the "**Closing**") shall occur by exchange of signed originals of relevant documents (by such means as determined by the Investor), on a date (the "**Closing Date**") no later than three (3) Business Days after the fulfillment or waiver of the conditions to the Closing as set forth in Clause 4.1 (other than those conditions which can be satisfied only at the Closing or with respect to action the relevant Party shall take at the Closing) or at such other place and time as the Company and the Investor may mutually agree upon.

2.3 Company and Investor's Obligations on the Closing Date.

(a) The Company shall, at 10:00 a.m. (Hong Kong time) (or such other time as may be agreed by the Investor and the Company) on the Closing Date,

(i) issue the Note and procure the entry in the Register of Noteholders of the name of the Investor; and

(ii) deliver to the Investor (A) the original Note Certificate duly executed by the Company and (B) the certified true copy of the Register of Noteholders showing the name of the Investor as a holder thereof;

(b) Against delivery of all the documents set out in Clause (a)(ii), the Investor shall pay or cause to be paid the Consideration less the Reimbursed Expenses into the Designated Bank Account, by wire transfer in immediately available HK Dollar funds for value on the Closing Date, as evidenced by a copy of the MT103 wiring instruction to the Investor's bank to wire the payable Consideration to the Designated Bank Account. The Warrantors hereby authorize the Investor to deduct the Reimbursed Expenses from the Consideration. Such payment of the payable Consideration by the Investor will constitute full and complete discharge of all payment obligations of the Investor in relation to the Subscription on the Closing Date.

3. Representations and Warranties.

3.1 Each Warrantor represents and warrants to the Investor that each of the representations and warranties (the "**Warranties**") as set out in Schedule 1 is true, accurate, complete and not misleading as of the date of this Agreement and (except for the Warranties expressed to be given on a specific date) each of the Warranties will continue to be true, accurate, complete and not misleading on each day up to and including the date on which the Note has been fully redeemed or repaid and all obligations of the Warrantors under the Transaction Documents have been fully performed and discharged as if repeated on each such day by reference to the facts and circumstances subsisting at that date and on the basis that any reference in the Warranties, whether express or implied, to the date of this Agreement is substituted by a reference to that date.

3.2 Each of the Warranties shall be construed as a separate and independent Warranty and, except where expressly provided to the contrary, shall not be limited or restricted by reference to or inference from the terms of any other Warranty or any other terms of this Agreement.

3.3 Each Warrantor shall procure that no act shall be performed or omission shall be allowed by it, either by itself or by any Group Member, which would result in any of the Warranties being breached or misleading at any time.

3.4 Each Warrantor agrees that (a) the Investor is entering into this Agreement in reliance upon the Warranties made by it, (b) it/he makes the Warranties with the intention of inducing the Investor to enter into this Agreement and (c) accordingly the Investor has been induced to enter into this Agreement relying on each of the Warranties.

3.5 Each Warrantor undertakes to, within three (3) Business Days, disclose in writing to the Investor anything which comes to its notice which is or may constitute a breach of or be inconsistent with any of the Warranties.

3.6 No information relating to the Group of which the Investor or any of its Representatives has knowledge (actual or constructive) shall prejudice any claim made by an Investor under the Warranties, or operate to reduce any amount recoverable.

4. Conditions Precedent.

4.1 The obligation of the Investor to consummate the Subscription is subject to the fulfillment of each of the following conditions (any or all of such conditions may be waived by the Investor) at or prior to the Closing:

(a) **Compliance Certificate**. The Company shall have delivered to the Investor a compliance certificate dated as of the Closing Date in the form attached hereto as Exhibit 3 signed by the Company.

(b) **Transaction Documents**. All Transaction Documents (together with all relevant deliverables required to be delivered on or before the Closing Date under the relevant Transaction Documents) shall have been duly executed by the parties thereto and delivered to the Investor on or before the Closing Date.

(c) **Directors' Resolutions.** The delivery to the Investor of copies of the directors' resolutions of:

(i) the Company, approving, among other things, (A) the issue of the Note (including the Note Certificate) to the Investor, (B) the execution and delivery of the Transaction Documents to which the Company is a party, (C) the entry of the name of the Investor into the Register of Noteholders, reflecting the Investor as the holder thereof, and (D) the transactions contemplated under the relevant Transaction Documents to which the Company is a party;

(ii) the Guarantor, approving, among other things, (A) the execution and delivery of the Transaction Documents to which the Guarantor is a party, and (B) the transactions contemplated under the relevant Transaction Documents to which the Guarantor is a party;

(iii) the HK Subsidiary, approving, among other things, (A) the execution and delivery of the Transaction Documents to which the HK Subsidiary is a party, and (B) the transactions contemplated under the relevant Transaction Documents to which the HK Subsidiary is a party (including without limitation the registration of the Equity Pledge); and

(iv) the WFOE, approving, among other things, (A) the execution and delivery of the Transaction Documents to which the WFOE is a party, and (B) the transactions contemplated under the relevant Transaction Documents to which the WFOE is a party (including without limitation the registration of the Fixed Asset Mortgage);

each certified as a true copy by a director or the company secretary of the relevant company;

(d) **No Suspension of Trading.**

(i) The current listing of the Shares has not been cancelled or withdrawn and the Shares continue to be traded on the HKSE at all times from the date hereof to and including the Closing Date (save for any temporary suspension of trading for not more than ten (10) consecutive Exchange Business Days).

(ii) The current listing of the shares of the Guarantor has not been cancelled or withdrawn and the shares of the Guarantor continue to be traded on the HKSE at all times from the date hereof to and including the Closing Date (save for any temporary suspension of trading for not more than ten (10) consecutive Exchange Business Days).

(e) **HKSE Requirements.** All requirements (including any requirements of approval by the Company's shareholders meeting) imposed by the HKSE, in connection with the contemplated transactions under the Transaction Documents, have been complied with in full.

(f) **Representations and Warranties**. The Warranties shall be true, correct, accurate, complete and not misleading when made, and shall continue to be true, correct, accurate, complete and not misleading up to the Closing Date with the same force and effect as if they had been repeated throughout the period between the signing hereof and the Closing Date and on and as of the Closing Date, or as of another date if any representations and warranties are made with respect to such other date.

(g) **Performance**. Each Warrantor shall have performed and complied with all covenants, agreements, obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by it on or before the Closing.

(h) **Proceedings and Documents**. All corporate and other proceedings in connection with the transactions contemplated hereby and under the other Transaction Documents on the Closing Date shall have been completed and all documents and instruments incidental to such transactions shall be in such form and substance satisfactory to the Investor, and the Investor shall have received all copies of such documents as it may request.

(i) **Certificates of Incumbency/Good Standing**. The Investor shall have received (A) (i) a certificate of incumbency in respect of the Company issued by the Company's registered agent in Bermuda and (ii) a certificate of compliance issued by the Registrar of Company in Bermuda and (B) (i) a certificate of incumbency in respect of the Guarantor issued by the Guarantor's registered office provider in the Cayman Islands and (ii) a certificate of good standing issued by the Registrar of Companies in the Cayman Islands, each in customary form and dated no earlier than one month prior to the Closing Date.

(j) **Legal Opinions.** The Investor shall have received the legal opinions as follows, each dated the Closing Date and in such form and substance satisfactory to the Investor:

(i) a legal opinion as to the Laws of Bermuda issued by Appleby and addressed to the Investor in relation to, amongst other things, the due incorporation, capacity and authority of the Company;

(ii) a legal opinion as to the Laws of the Cayman Islands issued by Appleby and addressed to the Investor in relation to, amongst other things, the due incorporation, capacity and authority of the Guarantor; and

(iii) a legal opinion as to the Laws of the PRC issued by Silkroad Law Firm and addressed to the Investor in relation to, amongst other things, the due incorporation, capacity and authority of the WFOE and the binding and enforceable nature of the provisions of the Equity Pledge and the Fixed Asset Mortgage governed by the Laws of the PRC;

(k) **No Prohibition**. There being no Governmental Authority or other Person that has:

(i) requested any information in connection with or instituted or threatened any action or investigation to restrain, prohibit or otherwise challenge the issue of the Note or the other transactions contemplated by the Transaction Documents;

(ii) threatened to take any action as a result of or in anticipation of the issue of the Note or the other transactions contemplated by the Transaction Documents; or

(iii) proposed or enacted any applicable Laws which would prohibit, restrict or delay the issue of the Note, the other transactions contemplated by the Transaction Documents, or the operation of the Group after the Closing.

(l) **No Restraints.** There being no injunction, restraining order or other order or any other legal or regulatory restraint or prohibition having been issued or made by any court of competent jurisdiction or

Governmental Authority in effect precluding or prohibiting consummation of any part of the transactions contemplated under the Transaction Documents.

(m) **No Change.** There shall not have occurred (i) any change, or any development involving a prospective change, in national or international laws or regulation relating to foreign exchange controls, or (ii) a general moratorium on commercial banking activities in Hong Kong, Bermuda, the British Virgin Islands, the Cayman Islands or the PRC by any Governmental Authority.

(n) **No Material Adverse Change.** There shall not, since the date of this Agreement, have been any change to the condition (financial or otherwise), results of operations, Assets, regulatory status, business and prospects of the Group or the financial markets or economic conditions in general that, in the opinion of the Investor, has had or could be expected to have a Material Adverse Effect.

(o) **No Event of Default.** No Event of Default has occurred.

(p) **Approvals.** Each Obligor shall have obtained any and all Approvals necessary for consummation of the transactions contemplated by the Transaction Documents that are required to be obtained by such Obligor on or prior to the Closing, and such Approvals remain valid and effective up to and at the Closing Date.

(q) **Satisfactory Due Diligence Result.** The Investor is satisfied with the results of its commercial, financial and legal due diligence on the Company and any other Group Member in its sole discretion on or before the Closing Date.

(r) **AML/KYC.** The Investor, in its sole opinion, is satisfied with the results of the anti-money laundering compliance assessment of applicable Persons.

(s) **Expenses and Fees.** The Reimbursed Expenses shall have been paid to such account or accounts designated by the Investor, unless the Investor has agreed in writing to the deduction of such amount of the Reimbursed Expenses from the Consideration.

(t) **Debt to Asset Ratio.** The Debt to Asset Ratio shall not exceed 60%.

(u) **Perfection of Security Interest in the PRC.** The Company shall and shall have caused the HK Subsidiary and the WFOE to duly file the Equity Pledge and the Fixed Asset Mortgage with the local counterpart of the State Administration for Market Regulation. Each of the Registration Circular on the Creation of the Equity Pledge (股权出质设立登记通知书) and the Registration Certificate on the Chattel Mortgage (动产抵押登记书) (as the case may be) shall have been delivered to the Investor.

4.2 Each Warrantor undertakes to notify the Investor in writing of anything that will or may prevent any of the conditions set out in Clause 4.1 from being satisfied on or before the Long Stop Date, as soon as is reasonably practicable and in any event no later than two (2) Business Days after the matter coming to its attention.

4.3 The Warrantors shall procure the fulfillment of all the conditions set out in Clause 4.1 as soon as possible after the date of this Agreement and in any event no later than the Long Stop Date. The Warrantors shall produce to the Investor evidence of fulfillment of each such condition (where applicable) immediately after each such fulfillment.

4.4 The obligation of the Company to consummate the Subscription is subject to the fulfillment of each of the following conditions (any or all of such conditions may be waived by the Company) at or prior to the Closing:

(a) The delivery to the Company information pertaining to the identity of Investor's shareholders; and

(b) **Directors' Resolutions.** The delivery to the Company of a copy of the directors' resolutions of the Investor, approving, among other things, (A) the Subscription by the Investor, (B) the execution and delivery of the Transaction Documents to which the Investor is a party, and (C) the transactions contemplated under the relevant Transaction Documents to which the Investor is a party.

5. Conduct of Business Pending Closing.

5.1 The Warrantors, jointly and severally, undertake to the Investor that prior to the Closing Date (provided, however, if the Closing has not occurred on or before December 31, 2019, then Clauses 5.1(c) to 5.1(m) shall cease to apply), they shall procure that the business of each Group Member shall be operated in the Ordinary Course of Business and it shall do or omit to do (or allow to be done or to be omitted to be done) any act or thing (in either case whether or not in the Ordinary Course of Business) which is material and in particular (but without limitation to the foregoing), each of them shall procure that each Group Member shall not, prior to the Closing Date, save as expressly permitted under any of the Transaction Documents, without the prior written consent of the Investor:

(a) cease to carry on the Business;

(b) amend the accounting policies previously adopted (other than those amendments as required by the relevant financing reporting standards) or change its fiscal year;

(c) borrow or raise any money or incur any Indebtedness (in whatever form or evidenced by whatever instrument);

(d) enter into any contract or undertake any actual or contingent liability which is material to the Group;

(e) other than the Permitted Encumbrances, create or permit to arise any Encumbrance on or in respect of any part of its undertaking, property or Assets;

(f) give any guarantee, indemnity, surety or security;

(g) dispose of the ownership, possession, custody or control of any corporate or other books or records;

(h) pass any resolution for its Winding-up or undertake any merger or restructuring or apply for the appointment of a receiver, manager or judicial manager or like officer;

(i) make any alteration or amendment to the Memorandum and Bye-laws or the memorandum of association and articles of association (or such equivalent documents) of each Group Member;

(j) take any action that reclassifies any outstanding shares into shares or any Equity Securities having preferences or priority as to dividends or assets senior to or on parity with the preference of the Note;

(k) compromise, settle, release, discharge or compound any civil, criminal, arbitration or other proceedings or any liability, claim, action, demand or dispute or waive any right in relation to any of the foregoing;

(l) release, compromise or write off any material amount recorded in the books of account of the Company as owing by any debtors of the Company; or

(m) enter into any agreement or undertaking to do any of the foregoing.

6. Covenants; Other Agreements.

6.1 Confidentiality.

(a) **Disclosure of Terms.**

Each Party acknowledges that the terms and conditions of this Agreement and the other Transaction Documents, any term sheet or memorandum of understanding entered into pursuant to the transactions contemplated hereby, and all schedules, annexure, exhibits and amendments hereto and thereto, the transactions contemplated hereby and thereby, including their existence, and all information furnished by any Party and by Representatives of such Parties to any other Party hereof or any of the Representatives of such Parties (collectively, the "**Confidential Information**"), shall be considered confidential information and shall not be disclosed by any Party to any third party except in accordance with the provisions set out below.

(b) **Press Releases.**

The Warrantors shall not make any announcement disclosing either the Investor's investment in the Company hereunder, any of the Confidential Information or the name of the Investor (or any part or any derivations thereof) in a press release, public announcement, conference, professional or trade publication, mass marketing materials or other public disclosure without obtaining in each instance the prior written consent of the Investor (such consent shall not be unreasonable withheld or rejected). Any announcement in the foregoing sentence which refers to the Investor shall be subject to the Investor's review and approval prior to its release or dispatch.

(c) **Permitted Disclosures.**

Notwithstanding anything in the foregoing to the contrary, and subject to applicable Laws:

(i) the Warrantors may disclose (A) the Confidential Information to its Affiliates and their respective Representatives who need to know such information strictly in relation to the performance of this Agreement and any other Transaction Documents, in each case only where such Persons are informed of the confidential nature of the Confidential Information and are under appropriate non-disclosure obligations substantially similar to those set out in this Clause 6.1, (B) the Confidential Information of another Party to any Person to which disclosure is approved in writing by that Party, and (C) the Confidential Information in announcements, circulars, disclosures, filings and similar documents as required under the Listing Rules or by HKSE. Any Party may also provide disclosure in order to comply with applicable Laws and/or the Listing Rules as set out in Clause 6.1(d) below.

(ii) the Investor (and its fund manager, its sub-investment manager and adviser (if appointed) and Affiliates) may disclose the Investor's investment in the Company to third parties or to the public at its sole discretion.

(iii) the Investor shall have the right to disclose:

(A) the Confidential Information to its Affiliates, its fund manager, and their respective Representatives, advisors (including accountants, legal counsel and consultants), creditors and investors (including limited partners, shareholders and potential investors), and in each case only where such Persons are informed of the confidential nature of the Confidential Information or are under appropriate non-disclosure obligations substantially similar to those set out in this Clause 6;

(B) any information for fund and inter-fund reporting purposes;

(C) any information as required by Law, Governmental Authorities, legal process and/or exchanges, subject to the provision in Clause 6.1(d) below;

(D) any information to bona fide prospective purchasers/investor of the Note or other security or other interests in the Obligors, and/or

(E) any information contained in press releases or public announcements of the Obligors pursuant to Clause 6.1(b) above.

(d) **Legally Compelled Disclosure.**

In the event that any Party (other than the Investor) is requested or becomes legally compelled and/or as required under applicable Laws (including without limitation, pursuant to any applicable Tax, securities, or other Laws of any jurisdiction and/or the Listing Rules) to disclose any Confidential Information, such Party (the **"Disclosing Party"**) shall to the extent permitted by Law provide the other Parties with prompt written notice of that fact. At the request of the other Parties, the Disclosing Party shall, to the extent reasonably possible and with the cooperation and reasonable efforts of the other Parties, seek a protective order, confidential treatment or other appropriate remedy to the extent permitted by applicable Laws. In any event, the Disclosing Party shall furnish only that portion of the information that is legally required and/or as required under applicable Laws and shall exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded to such information.

(e) **Other Exceptions.**

Notwithstanding any other provision of this Clause 6.1, the confidentiality obligations of the Parties under this Clause 6.1 shall not apply to: (i) information which a restricted party learns from a third party having the right to make the disclosure, provided the restricted party complies with any restrictions imposed by the third party; (ii) information which is rightfully in the restricted party's possession prior to the time of disclosure by the protected party and not acquired by the restricted party under a confidentiality obligation; (iii) information which was in the public domain or otherwise known to the restricted party before it is furnished to it by another party hereto or, after it is furnished to that restricted party, enters the public domain without breach by that restricted party of this Clause 6.1; or (iv) information which a restricted party develops independently without reference to the Confidential Information.

(f) **Other Information.**

The provisions of this Clause 6 shall terminate and supersede the provisions of any term sheet, letter of intent, memorandum of understanding, confidentiality and non-disclosure agreement, or any other agreement previously executed by any of the Parties hereto with respect to the transactions contemplated hereby.

6.2 Use of Proceeds.

(a) The Company shall use the proceeds from the issue of the Note to finance the Company's expansion of existing magnesium alloy production and to fund working capital needs for Company's operation.

(b) The Company shall obtain the prior written consent of the Investor if the Company, its Subsidiaries or any other Group Member uses any portion of the proceeds from the issue of the Note other than in accordance with Clause 6.2(a). Without prejudicing the generality of the foregoing sentence, the Company agrees and acknowledges that the proceeds from the issue of the Note shall not be applied by the Company, its Subsidiaries or any Group Member to finance the acquisition or subscription of any shares or other securities listed on any stock exchange, or any interest therein.

6.3 Compliance with Laws.

Each Warrantor shall, and shall procure that the Group Members and their respective Representatives shall, comply in all material respects with all applicable Laws. Without prejudicing the generality of the foregoing sentence, after the Closing and upon the written request by the Investor, the Warrantors shall, and shall procure that the relevant Group Member and its Representatives shall, rectify any non-compliance with applicable Laws.

6.4 Disclosure Requirement.

Each Warrantor undertakes (a) to comply in all material respects with all notification, reporting and filing requirements imposed on it/he by any Governmental Authority; and (b) to obtain Approvals (if applicable) from all Governmental Authorities (including the SFC and HKSE) for its activities (including the transactions contemplated by the Transaction Documents).

6.5 Licensing and Approvals.

Each Warrantor shall, and shall procure each Obligor to:

(a) obtain, in accordance with the applicable Law, all Approvals necessary for conducting its business and operations; and

(b) maintain at all times the validity of, and comply in all material respects with all legal and regulatory requirements with respect to, the Approvals that it has obtained for the conduct of its business and operations.

6.6 Closing

Each Warrantor shall work expeditiously with the Investor in good faith towards the Closing and will not, directly or indirectly, do any act or thing which is intended or might reasonably be expected to prevent or delay the Closing.

6.7 No Promotion.

Each Warrantor shall not, and each Warrantor shall procure each Group Member not to, without the prior written consent of the Investor, in each instance, (a) use in advertising, publicity, or otherwise the name of the Investor or its Affiliates, nor any trade name, trademark, trade device, service mark, symbol or any abbreviation, contraction or simulation thereof owned by the Investor or its Affiliates, or (b) represent, directly or indirectly, that any product or any service provided by any Group Member has been approved or endorsed by the Investor or its Affiliate.

6.8 Compliance with Laws Regarding Anti-Bribery, Anti-Corruption, Anti-Money Laundering.

Each Warrantor shall, and shall procure each Group Member and its Representatives to:

(a) comply and remain in compliance with all applicable anti-bribery, anti-corruption (including those prohibiting the bribery of Public Officials) and anti-money laundering Laws;

(b) not authorize, offer, be a party to, make any payments or provide anything of value directly or indirectly to any Public Officials;

(c) not use, commit to have the intention of using the payments received, or to be received, by them from the Investor for any purpose that may constitute a violation of any applicable Laws;

(d) in respect of the Group, establish and maintain an anti-money laundering program in accordance with all applicable Law if required by the Listing Rules; and

(e) promptly notify the Investor if any Representative of any Group Member is or becomes a Public Official.

6.9 Currency Indemnity.

If any sum due from any Obligor under any Transaction Document or any order or judgment given or made in relation to such Transaction Document has to be converted from the currency (the **"first currency"**) in which the same is payable under such Transaction Document or under such order or judgment into another currency (the **"second currency"**) for the purpose of (a) making or filing a claim or proof against the Warrantors (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to such Transaction Document, the Warrantors shall jointly and severally indemnify and hold harmless the Investor from and against any loss it suffers or incurs as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Investor may in the Ordinary Course of Business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

6.10 Post-Closing Undertakings.

(a) <u>SAFE Registration</u>: Within fifteen 15 Business Days after the Closing, the Company shall and shall have caused the WFOE to duly file the Fixed Asset Mortgage with the local counterpart of the State Administration of Foreign Exchange, and the Company shall and shall have caused the WFOE to use its best effort to obtain and deliver the Registration Certificate on the Cross-border Guarantees (内保外贷签约登记表) to the Investor as soon as reasonably practicable.

(b) Supplemental Registration: To the extent that each of the Registration Circular on the Creation of the Equity Pledge (股权出质设立登记通知书) and the Registration Certificate on the Chattel Mortgage (动产抵押登记书) (as the case may be) delivered by the Company to the Investor pursuant to Clause 4.1 hereof is inconsistent with the Note, the Company shall make all applicable supplemental registration within five Business Days after the Closing and cause the delivery to the Investor all certificates and filing records in connection therewith.

7. Miscellaneous.

7.1 Termination; Survival.

(a) If the closing conditions set out in Clause 4.1 are not fulfilled or waived by the Investor on or before the Long Stop Date, the Investor may, at its option, without prejudice to its rights hereunder and under applicable Laws:

(i) defer the Closing to a later date;

(ii) proceed to the Closing in respect of purchase of the Note so far as practicable but subject to such conditions as the Investor may determine at its sole discretion; or

(iii) terminate this Agreement in accordance with this Clause 7.1.

(b) The representations and warranties set out under Schedule 1 and any covenants and agreements of the Obligors contained in or made pursuant to the Transaction Documents shall survive after the Closing and repeated daily until the date when no part of the Note is outstanding, and all obligations of the Obligors under the Transaction Documents have been fully performed and discharged, and such representations, warranties, covenants and agreements shall in no way be affected by any due diligence or investigation of the subject matter thereof made by or on behalf of the Investor and any facts which are known to the Investor at the time of this Agreement.

(c) If this Agreement is terminated pursuant to Clause 7.1(a)(iii) above, this Agreement shall forthwith become null and void, and there shall be no liability or obligation on the part of the Company, the Guarantor or the Investor (or any of their respective Representatives or Affiliates) under the Transaction Documents or in connection with the transactions contemplated hereby, except that such termination shall not relieve (i) any breaching party from liability hereunder from any antecedent breach of any representation or warranty contained herein or any antecedent breach of any covenant or agreement contained herein and (ii) each Warrantor from its obligation and liability with respect to fees and expenses as set out in Clause 7.7.

7.2 Successors and Assigns.

Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties whose rights or obligations hereunder are affected by such terms and conditions. This Agreement, and the rights hereunder, shall not be assigned, and the obligations hereunder shall not be transferred, without the written consent of the Parties provided that the Investor may at any time, without the consent of any other Party, freely assign its rights and transfer its obligations under this Agreement to any Person. The Investor shall procure that the transferee of the Note to execute a Deed of Adherence in the form attached hereto as Exhibit 2 upon the completion of such transfer. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the Parties or their respective successors and assigns any rights, remedies, obligations, or Liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

7.3 Indemnity.

(a) The Warrantors hereby agree to jointly and severally indemnify and hold harmless the Investor, the Investor's Affiliates, and their respective Representatives and assigns, on demand from and against any and all Indemnifiable Losses suffered by the Investor, the Investor's Affiliates, and their respective Representatives and assigns, as a result of, or based upon or arising from an Event of Default or any breach or nonperformance of any of the undertakings, representations, warranties, covenants or agreements made or given by any Warrantor in or pursuant to this Agreement or any other Transaction Documents to which it is a party.

(b) Any Party seeking indemnification with respect to any Indemnifiable Loss (an **"Indemnified Party"**) shall give written notice to the party or parties required to provide indemnity hereunder (the **"Indemnifying Party"**).

(c) If any claim, demand or Liability is asserted by any third party against any Indemnified Party, the Indemnifying Party shall upon the written request of the Indemnified Party, defend any actions or proceedings brought against the Indemnified Party in respect of matters embraced by the indemnity under this Clause 7.3. If, after a request to defend any action or proceeding, the Indemnifying Party neglects to defend the Indemnified Party, a recovery against the Indemnified Party suffered by it in good faith shall be conclusive in its favour against the Indemnifying Party.

(d) This Clause 7.3 shall not be deemed to preclude or otherwise limit in any way the exercise of any other rights or pursuit of other remedies for the breach or non-performance of any of the certificates, representations, warranties, covenants or agreements made or given by any Obligor in or pursuant to this Agreement or any of the other Transaction Documents.

7.4 **Governing Law**. This Agreement shall be governed by and construed in accordance with the Laws of Hong Kong without regard to any conflict of laws principles which may exclude the Laws of Hong Kong.

7.5 **Dispute Resolution.**

(a) Each Party agrees that any legal action or proceeding arising out of or relating to this Agreement may be brought in the courts of Hong Kong and irrevocably submits to the non-exclusive jurisdiction of such courts, provided that each Warrantor agrees that it may only commence proceedings arising out of or relating to this Agreement in the courts of Hong Kong.

(b) Nothing herein shall limit the right of the Investor to commence any legal action against any Warrantor or its Assets in any other jurisdiction or to serve process in any manner permitted by Law, and the taking of proceedings in any jurisdiction shall not preclude the taking of proceedings in any other jurisdiction whether concurrently or not.

(c) Each Warrantor irrevocably and unconditionally waives any objection which it/he may now or hereafter have to the choice of Hong Kong as the venue of any legal action arising out of or relating to this Agreement and any claim that any such legal action has been brought in an inconvenient or inappropriate forum. Each Warrantor also agrees that a final judgment against it in any such legal action shall be final and conclusive and may be enforced in any other jurisdiction, and that a certified or otherwise duly authenticated copy of the judgment shall be conclusive evidence of the fact and amount of its indebtedness.

(d) Each Warrantor consents generally in respect of any proceedings to the giving of any relief or the issue of any process in connection with such proceedings including the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such proceedings.

(e) To the extent that any Warrantor may now or hereafter be entitled, in any jurisdiction in which proceedings may at any time be commenced with respect to this Agreement, to claim for itself or its Assets any immunity (sovereign or otherwise) from suit, jurisdiction of any court, attachment prior to judgment, attachment in aid of execution of a judgment, execution of a judgment or from set off, banker's lien, counterclaim or any other legal process or remedy with respect to its obligations under this Agreement and/or to the extent that in any such jurisdiction there may be attributed to any Warrantor, any such immunity (whether or not claimed), each Warrantor, to the fullest extent permitted by applicable Law, irrevocably agrees not to claim, and hereby to the fullest extent permitted by applicable Law waive, any such immunity.

7.6 Notices.

(a) Any notice required or permitted pursuant to this Agreement shall be given in writing and shall be given either personally or by sending it by next-day or second-day courier service, fax, email or similar means to the address, fax number or email address of the relevant Party as provided in Clause 7.6(c) below (or at such other address as such Party may designate by five (5) days' advance written notice to the other Parties to this Agreement given in accordance with this Clause 7.6).

(b) Any notice, demand or other communication so addressed to the relevant Party shall be deemed to have been delivered (a) if delivered by hand, at the time of delivery; (b) if sent by pre-paid post, on the fourth (4^{th}) Business Day after the time of posting; (c) if given or made by fax, immediately after it has been dispatched with a confirmation that all pages have been transmitted; and (d) if sent by e-mail, immediately after it has been dispatched from the sender's outbox, except where dispatch is not on a Business Day in the case of (c) and (d). If a communication would otherwise be deemed to have been delivered outside normal business hours (after 5:30 p.m. on a Business Day) in the time zone of the territory of the recipient under the preceding provisions of this Clause 7.6, it shall be deemed to have been delivered at 9:30 a.m. on the next Business Day in the territory of the recipient. In proving service of a communication, it shall be sufficient to show that delivery by hand was made or that the envelope containing the communication was properly addressed and posted as a pre-paid letter or that the facsimile transmission was dispatched and a confirmatory transmission report or other acknowledgment of good receipt was received.

(c) The addresses and fax numbers for service of a notice in connection with this Agreement are:

The Warrantors:

Address: Suite 1105, 11th Floor, The Gateway, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong

Tel. number: +852 2802 2165

Attention: Shum Sai Chit

The Investor:

Address: Rm 06-10,38/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong

Tel. number: +852 2139 6937
Attention: Wang Jianping

7.7 Fees and Expenses.

(a) Each Obligor shall pay all of its own Taxes, costs and expenses incurred in connection with the negotiation, execution, delivery and performance of this Agreement and other Transaction Documents and the transactions contemplated hereby and thereby. Notwithstanding the anything to the contrary herein, the Company shall bear all costs and expenses incurred by the Investor for the purposes of conducting due diligence and preparing, negotiating, executing, delivering and performing the Transaction Documents and related professional work (including but not limited to fees and expenses of the Investor's counsels and other out-of-pocket costs and administration expenses) (such expenses and costs, the **"Reimbursed Expenses"**), regardless of whether such transactions contemplated by the Transaction Documents are consummated.

(b) A notification by the Investor on the amount of the Reimbursed Expenses shall be final, conclusive and binding on the Warrantors. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to attorney's fees and expenses in addition to any other relief to which such party may be entitled. Notwithstanding anything to the contrary herein, the Investor shall be entitled to withhold up to the full amount of the Reimbursed Expenses from the Consideration payable by it pursuant to Clause 2.3(b) at Closing.

7.8 Tax and Payments.

(a) All payments by the Warrantors under this Agreement shall be made in HK 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. In the event that any Warrantor is required to make any such deduction or withholding from any amount paid, the Warrantors shall pay to the Investor such additional amount as shall be necessary so that the Investor continues to receive a net amount equal to the full amount which the Investor would have received if such withholding or deduction had not been made.

(b) All payments by the Warrantors under this Agreement shall be by remittance to the HK Dollar bank account as the Investor may notify the Warrantors from time to time or, if the Investor so requests, by cashiers order or other cleared funds.

7.9 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable Law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

7.10 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of each Party; provided that each Party may waive any of its rights hereunder without the consent of any other Parties. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each of the Parties.

7.11 **No Waiver.** Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

7.12 **Rights Cumulative.** Each and all of the various rights, powers and remedies of a Party will be considered to be cumulative with and in addition to any other rights, powers and remedies which such Party may have at law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such Party.

7.13 **Delays or Omissions.** No delay or omission to exercise any right, power or remedy accruing to any Party under this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any breach or default under this Agreement, or any waiver on the part of any Party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set out in such writing. All remedies, either under this Agreement or by Law or otherwise afforded to any Party, shall be cumulative and not alternative.

7.14 **No Presumption.** The Parties agree and acknowledge that any applicable Law that would require interpretation of any claimed ambiguities in this Agreement against the Party that drafted it has no application and is expressly waived. If any claim is made by a Party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of any Party or its counsel.

7.15 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

7.16 **No Commitment for Additional Financing.** Each Warrantor acknowledges and agrees that the Investor has not made any representation, undertaking, commitment or agreement to provide or assist the Company or its Affiliates in obtaining any financing, investment or other assistance, other than the purchase of the Note and subject to the conditions set forth herein and therein. In addition, each Warrantor acknowledges and agrees that (a) no statements, whether written or oral, made by the Investor or its Representatives prior to, on or after the date of this Agreement shall create an obligation, commitment or agreement to provide or assist the Warrantors or any of its Affiliates in obtaining any financing or investment, (b) the Warrantors shall not rely on any such statement by the Investor or its Representatives and (c) an obligation, commitment or agreement to provide or assist the Warrantors or its Affiliates in obtaining any financing or investment may only be created by a written agreement, signed by the Investor and the Warrantors or its Affiliates, as appropriate, setting forth the terms and conditions of such financing or investment and stating that the parties intend for such writing to be a binding obligation or agreement. The Investor shall have the right, in its sole and absolute discretion, to refuse or decline to participate in any other financing of or investment in the Warrantors or its Affiliates, and shall have no obligation to assist or cooperate with the Warrantors or its Affiliates in obtaining any financing, investment or other assistance.

7.17 Entire Agreement. This Agreement and the other Transaction Documents, together with all schedules, exhibits and annexures hereto and thereto, constitute the entire agreement among the Parties with respect to the subject matter hereof and thereof, and no Party shall be liable or bound to any other Party in any manner by any warranties, representations, or covenants except as specifically set out herein or therein. For the avoidance of doubt, the Transaction Documents shall be deemed to terminate and supersede the provisions of any term sheet, letter of intent, memorandum of understanding, confidentiality and nondisclosure agreement, or any other agreement executed between the Investor and any Warrantor prior to the date of this Agreement, none of which agreements shall continue.

7.18 Signing and Binding. Notwithstanding that any Party does not validly execute this Agreement, this Agreement shall be binding, effective and enforceable to and among all those Parties duly executing this Agreement, in which case, the "Parties" or "Party" used in this Agreement shall refer to those Parties duly executing the Agreement.

7.19 Independent Legal Advice. Each Warrantor agrees and acknowledges that (a) it was afforded sufficient opportunity to obtain independent legal advice regarding this Agreement and the transactions contemplated under the other Transaction Documents; and (b) it fully understands all of the terms, conditions, restrictions and provisions set out in this Agreement and the other Transaction Documents and the obligations and liabilities thereof, and that each such term, condition, restriction and provision is fair and reasonable with respect to the subject matter thereof.

SCHEDULE 1
WARRANTIES

1. General

(i) The Company is a limited liability company, duly incorporated, validly existing and in good standing under the Laws of Bermuda.

(ii) Each Group Member is duly incorporated or established, validly existing and in good standing (if applicable) under the Laws of the place of its incorporation or establishment.

(iii) Each Group Member has all requisite legal and corporate power and authority to carry on the Business as now conducted, and is duly authorized and qualified to transact business in each jurisdiction in which it operates.

(iv) The obligations of the Company under the Note shall at all times constitute direct, unconditional, unsubordinated obligations of, and shall rank at least *pari passu* with all other present and future direct, unconditional and unsubordinated obligations, issued, created or assumed by the Company.

(v) The execution, delivery and performance of this Agreement and the other Transaction Documents by the Warrantors do not and shall not violate in any respect any provision of:

(a) Any Law or regulation or any order of any of Bermuda, the British Virgin Islands, the Cayman Islands, Hong Kong, the PRC and any other applicable jurisdiction to which any Group Member is subject or by which any of its respective Assets are bound;

(b) the Laws and documents incorporating and constituting the Company and the other Group Members; or

(c) any Contract to which any Warrantor is a party or which is binding upon such Warrantor or any of its Assets, and does not and shall not result in the creation or imposition of any Encumbrances on any of its Assets pursuant to the provisions of any such agreement or other undertaking.

(vi) All the information and the group structure chart attached hereto as Annex 1 is true and accurate in all respects as at the date of this Agreement and up to the Closing Date. Other than the forgoing, all the information and documents provided by the Warrantors to the Investor in relation to the transactions contemplated by the Transaction Documents are true and accurate in all respects as at the date it was provided or as at the date (if any) on which it is stated.

2. Capitalisation

(i) The Company legally and beneficially owns 100% of the share capital of the HK Subsidiary on a Fully-Diluted basis.

(ii) The HK Subsidiary legally and beneficially owns 100% of the equity interest in the WFOE on a Fully-Diluted basis.

(iii) All share capital or other Equity Securities of each Group Member has been duly and validly issued, allotted and fully paid and non-assessable, free and clear of any Encumbrances (except for any Permitted Encumbrances and the Encumbrances created in accordance with the Transaction Documents) and are free of restrictions on transfer (except for any restrictions on transfer under applicable company and securities Laws), have been issued and allotted in compliance with the requirements of all applicable Laws and were not issued and allotted in violation of any preemptive or similar right provided under the applicable Laws or any agreement to which the any Warrantor is a party.

(iv) As at the date of this Agreement, except for what has been disclosed in the Latest Financial Statements, there are no other outstanding options, rights, contracts, warrants, subscriptions, conversion rights or other agreements or commitments pursuant to which any Group Member may be required to purchase, redeem, issue or sell any shares of capital stock or other securities of the Group or in any way relating to the issue, voting or transfer of any shares or other Equity Securities of any Group Member.

3. Authorisation

(i) The Company has all requisite power and authority to execute and deliver the Transaction Documents to which it is a party and to carry out and perform its obligations thereunder.

(ii) All action on the part of each Warrantor (and, as applicable, its officers, directors and shareholders) necessary for the authorisation, execution and delivery of the Transaction Documents to which it is a party, the performance of all its obligations thereunder, and, the authorisation, issue (or reservation for issue), sale and delivery of the Note, has been taken or will be taken prior to the Closing. The Transaction Documents have been duly executed and delivered by each Warrantor to which such Warrantor is a party. This Agreement and each of the other Transaction Documents are, or when executed and delivered by the parties thereto shall be, valid and legally binding obligations of each Warrantor (to the extent it is a party), enforceable against each of them in accordance with their terms.

4. Valid Issuance

The Note, when issued and delivered to the Investor in accordance with the terms of this Agreement, will be duly and validly issued, free from any Encumbrance, and will be free of restrictions on transfer (except for any restrictions on transfer under applicable company and securities Laws and under the Note) in accordance with the Terms and Conditions and will be issued in compliance with the requirements of all applicable Laws and Contracts.

5. Consents

No consent, approval, order or authorisation of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or any party to a

Contract or any other third party is required on the part of any Obligor in connection with the valid execution, delivery and performance of this Agreement and any other Transaction Documents to which such Obligor is a party or the consummation of the transactions contemplated hereby and thereby, save for approvals contemplated under Clause 4.1.

6. Offering

The offer, sale and issue of each of the Note, as contemplated by this Agreement, are exempt from the qualification, registration and prospectus delivery requirements of any applicable securities Laws.

7. Broker

No Warrantor has any Contract with any broker, finder or similar agent with respect to the transactions contemplated under the Transaction Documents. No Warrantor has incurred any liability for any brokerage fees, agents' fees, commissions or finder's fees in connection with any of the Transactions Documents or the consummation of the transactions contemplated therein.

8. Tax Matters

(i) Each Group Member has filed or caused to be filed, within the times and within the manner prescribed by applicable Law, all Tax Returns which are required to be filed by it, with respect to its business or otherwise. Such Tax Returns reflect accurately all liability for all Tax of each Group Member for the periods covered thereby, and all amounts shown on such Tax Returns as due and payable have been timely paid. All Taxation and assessments (including interest and penalties) payable by, or due from any Group Member (whether in its own right or as transferee of the Assets of, or successor to, any person) have been fully paid or adequately disclosed and fully provided for in the books and financial statements of such Group Member. No examination of any return of any Group Member is currently in progress, and no Group Member has received notice of any proposed audit or examination. There are no outstanding agreements or waivers extending the statutory period of limitation applicable to any Tax return or any assessment of Taxes of any Group Member.

(ii) The Latest Financial Statements contain adequate provision or reserve for all Tax liable to be assessed on the Group or for which it may be accountable up to the Statement Date, including in particular (but without limitation) Tax of profits, gains, income and receipts, benefits and other items subject to Tax for any period ending on or before, and for any transaction or events occurring down to the Statement Date.

(iii) No Group Member has, at any time:

(a) obtained or sought to obtain a Tax advantage through any fraud or evasion; or

(b) made or entered into any arrangement, undertaking or scheme which was at the time it was entered into a sham or fiscal nullity.

(iv) It is not required under applicable Laws to make any deduction for or on account of Tax from any payment any Group Member or the Guarantor may make under any Transaction Document.

(v) Except as contemplated by the Security Documents, under applicable Laws, it is not necessary that this Agreement be filed, recorded or enrolled with any court or other authority of any relevant jurisdiction or that any stamp, registration or similar Tax be paid on or in relation to this Agreement or any other Transaction Documents.

9. Constitutional Documents; Books and Records

The Memorandum and Bye-laws and the constitutional documents of the Company have been duly adopted and filed with the Registrar of Companies in Bermuda, are in the form previously provided to the Investor and are in full force and effect and have not been amended, varied or revoked in any respect as at the date of this Agreement and up to the Closing. Each Group Member maintains its books of accounts and records in compliance with applicable Laws and in the usual, regular and ordinary manner, on a basis consistent with prior practice, and which permits its financial statements (including the Latest Financial Statements) to be prepared in accordance with HKAS.

10. Financial Statements

(i) The Latest Financial Statements are complete and correct in all respects and present fairly the financial condition and results of operations of the Group as of their respective dates on a consistent basis. The accounts receivable owing to the Group set forth on the Latest Financial Statements constitute valid and enforceable claims and are good and collectible in the Ordinary Course of Business in all respects, net of any reserves shown on the Latest Financial Statements (which reserves are adequate and were calculated on a basis consistent with prior practice, as applicable), and no further goods or services are required to be provided in order to entitle the Group to collect in full. There are no material contingent or asserted claims, refusals to pay, or other rights of set-off with respect to any accounts receivable of the Group. The Group has no present intention to discontinue or write down the value of any material Assets, investments or business operations, nor is any such write down, in the reasonable opinion of the Board, no such write down is required.

(ii) The auditors of the Company have not provided a qualified opinion or an opinion with emphasis of matters in respect of the Company's published annual or interim financial statements.

(iii) Since the Statement Date and up to the Closing, except as contemplated by the Transaction Documents and save as disclosed in the Public Information, there has not been any one or more events or changes below that has or would likely to have, either in any case or in the aggregate, a Material Adverse Effect:

(a) any material change in the Assets, liabilities, financial condition or operations of any Group Member from that reflected in the Latest Financial Statements other than such changes arising in the Ordinary Course of Business of such Group Member;

(b) any waiver by any Group Member of a right or of a debt;

(c) any incurrence of or commitment to incur any Indebtedness for money borrowed by any Group Member;

(d) any satisfaction or discharge of any Encumbrance or payment of any obligation by any Group Member;

(e) any Encumbrance created by any Group Member with respect to any of its Assets except for Permitted Encumbrances;

(f) any guarantee given by any Group Member;

(g) other than those made in the Ordinary Course of Business, any loan or advance to, guarantee for the benefit of (other than Permitted Encumbrances), or investment in, any Person (including but not limited to any of the employees, officers or directors, or any members of their immediate families, of any Group Member), corporation, partnership, joint venture or other entity;

(h) any declaration, setting aside or payment or other distribution in respect of any Group Member's Equity Securities, or any direct or indirect redemption, purchase or other acquisition of any such Equity Securities by such Group Member (including without limitation, any warrants, options or other rights to acquire capital stock or other Equity Securities);

(i) any failure by the Group (other than Subsidiaries of the Company which are inactive or for investment holding purpose) to carry on the Business in the Ordinary Course of Business;

(j) any material damage, destruction or loss, whether or not covered by insurance, adversely affecting the Assets, financial condition, operation or business of any Group Member;

(k) any capital expenditures or commitments therefor other than capital expenditures or commitments therefor incurred by any Group Member in its Ordinary Course of Business;

(l) any other event or condition of any character which individually or in the aggregate might materially adversely affect the Assets, financial condition, operating results or business of any Group Member; or

(m) any agreement or commitment by any Group Member to do any of the acts described in this Paragraph 10.

(iv) As at the date of this Agreement and up to Closing, there is no loan or other Indebtedness owed by a Group Member to a Person (other than a Group

Member) that are outstanding and were not disclosed in the Latest Financial Statements.

11. Litigation

There is no action, suit, or other court, regulatory or other proceeding pending or, to the knowledge of any Warrantor after due inquiry, threatened against or affecting (a) any Warrantor, or (b) any Group Member or any of its Representatives with respect to its businesses or proposed business activities nor is any Warrantor aware of any basis for any of the foregoing thereof are subject which has or is reasonably likely to have a Material Adverse Effect. There is no investigation pending or threatened against any Warrantor or any Group Member thereof are subject which has or is reasonably likely to have a Material Adverse Effect. There is no judgment, decree or order of any court or Governmental Authority in effect and binding on any Warrantor or any Group Member or any of their Assets thereof are subject which has or is reasonably likely to have a Material Adverse Effect.

12. Liabilities

(i) There is no outstanding Indebtedness of any Group Member which has become payable or repayable by reason of any default of any Group Member and which will affect the Group's ability to perform any of its obligations contemplated hereunder.

(ii) Other than as disclosed in the Latest Financial Statements and/or the Public Information, the Company has no material liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise).

13. Anti-Corruption; Anti-Money Laundering; Sanctions

(i) Anti-Corruption

No Warrantor or any Group Member or, so far as the Warrantors are aware, any of their respective Representatives has, directly or indirectly, made or authorised (a) any contribution, payment or gift of funds or property to any official, employee or agent of any authority, or any candidate for public office, in Hong Kong or any other jurisdiction, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under any applicable Law, or (b) any bribe, rebate, payoff, influence payment, kickback or other unlawful payment in connection with the business activities of the relevant Warrantor or relevant Group Member, and without prejudice to the foregoing, no Warrantor or Group Member or, so far as the Warrantors are aware, any of their respective Representatives has taken any action, directly or indirectly, that would result in a violation by such Persons of any applicable anti-bribery or anti-corruption Law enacted in any jurisdiction, including, without limitation, the U.S. Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, or the UK Bribery Act 2010. The Group has instituted and maintain policies and procedures designed to ensure compliance with applicable Laws relating to anti-bribery in the jurisdictions in which the Group Member conducts its business.

(ii) Anti-Money Laundering

The operations of each Warrantor and each Group Member are and have been conducted at all times in compliance with applicable anti-money laundering Laws of all jurisdictions which any Warrantor or any Group Member conducts business (including without limitation the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615 of the Laws of Hong Kong)) (collectively, the **"Money Laundering Laws"**), and no action, suit, proceedings investigation or inquiry by or before any Governmental Authority involving any Warrantor or any Group Member with respect to the Money Laundering Laws is pending or, so far as the Warrantors are aware, contemplated or threatened.

(iii) Sanctions Laws and Regulations

(a) No Warrantor or Group Member or, so far as the Warrantors are aware, any of their respective Representatives nor any Person acting on behalf of any of them, is currently subject to any of the Sanctions Laws and Regulations (as defined below) (as used herein, **"Sanctions Laws and Regulations"** means (i) any U.S. sanctions related to or administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (including, without limitation, the designation as a "specially designated national or blocked person" thereunder), (ii) any sanctions or requirements imposed by, or based upon the obligations or authorities set forth in, the U.S. Trading With the Enemy Act, the U.S. International Emergency Economic Powers Act, the U.S. United Nations Participation Act or the U.S. Syria Accountability and Lebanese Sovereignty Act, all as amended, or any of the foreign assets control regulations of the U.S. Department of the Treasury (including, without limitation, 31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto and (iii) any sanctions measures imposed by the United Nations Security Council or European Union.

(b) There have been no transactions or connections between any Warrantor or any Group Member, on the one hand, and any country, territory, Person subject to sanctions under any of the Sanctions Laws and Regulations or any Person in those countries or territories or which performs contracts in support of projects in or for the benefit of those countries or territories, on the other hand.

(c) No Group Member will, directly or indirectly, use, lend, contribute or otherwise make available the proceeds from the transaction contemplated hereunder to any Person, for the purpose of financing any activities of or business with any Person, or in any country or territory, that is subject to any Sanctions Laws and Regulations, or in any other manner that would result in a violation of any of the Sanctions Laws and Regulations.

(d) None of the issue of the Note to the Investor, the execution, delivery and performance of this Agreement or any other Transaction

Document, or the consummation of the transaction contemplated hereunder and thereby by any Warrantor will result in a violation of any of the Sanctions Laws and Regulations.

14. Compliance with Laws

(i) Each Group Member and its respective Representatives are in compliance in all material respects with all Laws that are applicable to it or to the current and planned conduct or operation of its business or the ownership or use of any of its Assets or properties. Each Group Member has obtained all Approvals necessary for the conduct of its business as currently conducted and is not in default of any such Approvals.

(ii) No event has occurred and no circumstance exists that (with or without notice or lapse of time) (a) may constitute or result in a material violation by any Group Member or any of its respective Representatives of, or a failure on the part of any Group Member or any of its respective Representatives to comply with, any Law in any respect, or (b) may give rise to any material obligation on the part of any Group Member or any of their Representatives to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(iii) No Group Member or any of its respective Representatives have received any notice from any Governmental Authority regarding (a) any actual or alleged violation of, or failure to comply to with, any Law, or (b) any actual, alleged, possible or potential obligation on the part of such Group Member or any of its respective Representatives to undertake, or to bear all or any portion of the cost of, any remedial action of any nature thereof are subject which has or is reasonably likely to have a Material Adverse Effect.

15. Compliance with Listing Rules

(i) All statements of fact contained in the Public Information (other than those relating specifically to the Investor) are true and accurate and not misleading. All statements of opinion, intention or expectation of the Warrantors in relation to the Group contained therein when given were truly and honestly held and made after due and careful consideration. There is no other material fact or matter omitted therefrom the omission of which would make or have made any statement therein misleading or which is otherwise material in the context of the transactions contemplated by the Transaction Documents.

(ii) The Company and each Group Member has complied in all material respects with all applicable rules, regulations and requirements of the HKSE (including all filing, notification and disclosure requirements under the Listing Rules).

16. Compliance with Other Instruments

Each Warrantor is not in violation, breach or default of its memorandum and articles of association and other constitutional documents. The terms of the Transaction Documents and the execution, delivery and performance by each Warrantor of and compliance with each of the Transaction Documents, and the consummation of the transactions contemplated hereby and thereby, will not result in any such violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, a default under (a) its memorandum and articles of association or any other constitutional documents, (b) any judgment, order, writ or decree or (c) any applicable Law.

17. Assets

(i) Each Warrantor has good title to all land, properties and other tangible Assets reflected in its books and records, whether real, personal or mixed, purported to be owned by it, free and clear of any Encumbrances.

(ii) In respect of each land/building owned by each Group Member, such Group Member has legally obtained the land use rights and building ownership rights, as the case may be, in relation to each of the land/building, the procedures for obtaining such land/building are in compliance in all material respects with relevant rules and regulations, no land grant fee or other material liability is outstanding or unpaid in relation to such land/building, and there is no covenant, restriction or other matter which adversely affects the land/building or any part thereof.

(iii) In respect of each material property or asset which is held by each Group Member under lease or other contractual right, each relevant lease or contract is legal, valid, subsisting and enforceable by such Group Member.

18. Intellectual Property Rights

The Group Members own or otherwise have the sufficient right or licence to use all Intellectual Property necessary for their business as currently without any violation or infringement of the rights of others.

19. Advisors

No Group Member is a party to any Contract with any financial or similar advisors who would be entitled to the payment of any fee in connection with the transactions contemplated by the Transaction Documents as at the date of this Agreement and up to the Closing.

20. Disclosure

The Warrantors have made available to the Investor all material information requested by the Investor. No representation or warranty of any Warrantor contained in this Agreement, or any certificate furnished or to be furnished to the Investor at the Closing under this Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading in any material respects in light of the circumstances under which they were made. There is no material fact that any Warrantor has not disclosed or otherwise made available to the Investor of which any Warrantor is aware.

21. No Undisclosed Business

The principal business of the Group is the Business.

22. Insolvency

No order has been made, no petition has been presented, no meeting has been convened to consider a resolution and no resolution has been passed for the Winding-up of any Group Member. No administration order has been made or petition presented or application made for such an order and no administrator has been appointed or notice given or filed or step taken or procedure commenced with a view to the appointment of an administrator in respect of any Group Member. No receiver has been appointed in respect of any Group Member or any of their Assets. No unsatisfied judgment is outstanding against any Group Member. No event analogous to any of the foregoing has occurred in relation to any Group Member. Each Group Member is able to pay its debts as they fall due or does not have aggregate liabilities that are greater than its aggregate Assets.

23. Liabilities in earlier transactions

None of the Group Members and none of the Warrantors has (i) given any representation or warranty in connection with any previous issue of Equity Securities or any other Contract which was untrue when made and/or repeated, or (ii) failed to comply with any covenant, agreement or undertaking made with or given to any Person in connection with any previous issue of Equity Securities or any other Contract.

24. No breach

(i) None of the transactions contemplated under any of the Transaction Documents is in breach of any anti-dilution rights, rights of first refusal, pre-emptive rights, put or call rights or other similar rights of any Person.

(ii) No event has occurred and is subsisting which, were the Note outstanding, is or would constitute an Event of Default or a prospective Event of Default.

(iii) No other event or circumstance is outstanding which constitutes a default or termination event (however described) under any other agreement or instrument which is binding on any Group Member or which assets thereof are subject which has or is reasonably likely to have a Material Adverse Effect.

25. Debt to Asset Ratio

The Debt to Asset Ratio does not exceed 60%.

26. No Suspension of Trading

(i) The listing of the Shares is not cancelled or withdrawn and the Shares continue to be traded on the HKSE at all times (save for any temporary suspension of trading for not more than ten (10) consecutive Exchange Business Days).

(ii) The listing of the shares of the Guarantor is not cancelled or withdrawn and the shares of the Guarantor continue to be traded on the HKSE at all times (save for any temporary suspension of trading for not more than ten (10) consecutive Exchange Business Days).

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first written above.

COMPANY: **RARE EARTH MAGNESIUM TECHNOLOGY GROUP HOLDINGS LIMITED**

稀鎂科技集團控股有限公司

By:

Name: Shum Sai Chit

Capacity: Director

HK SUBSIDIARY **Hong Kong New Materials Industry Investments Limited**

香港新材料產業投資有限公司

By:

Name: Shum Sai Chit

Capacity: Director

WFOE **Xinjiang Tengxiang Magnesium Products Company Limited**

新疆騰翔鎂製品有限公司

By:

Name: Shum Sai Chit

Capacity: Director

INVESTOR: **MEGA PRIME DEVELOPMENT LIMITED**

By:

Name:

Capacity:

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first written above.

INVESTOR: **MEGA PRIME DEVELOPMENT LIMITED**

By: __________________________________
Name: WANG JIANPING
Capacity: DIRECTOR

ANNEX 1
GROUP STRUCTURE CHART

(as at the date of this Agreement)

RARE EARTH MAGNESIUM TECHNOLOGY GROUP HOLDINGS LIMITED
(稀鎂科技集團控股有限公司)

100%

Hong Kong New Materials Industry Investments Limited
(香港新材料產業投資有限公司)

100%

Xinjiang Tengxiang Magnesium Products Company Limited
(新疆騰翔鎂製品有限公司)

EXHIBIT 1
FORM OF NOTE

NOTE CERTIFICATE

Certificate No. 001 Principal Amount: HK$100,000,000

Rare Earth Magnesium Technology Group Holdings Limited

稀鎂科技集團控股有限公司

(the "Issuer")

(an exempted company incorporated in the Bermuda with limited liability)

HK$100,000,000 Secured Guaranteed Note Due 2022

THIS CERTIFICATE (the "Certificate") represents a note in aggregate principal amount of HK$100,000,000 (the "Note") of the Issuer, issued on (the "Issue Date") pursuant to the Memorandum and Bye-laws of the Issuer, a resolution of the board of directors of the Issuer passed on , and the Note Purchase Agreement dated December 13, 2019 entered into by and among the Issuer, Hong Kong New Materials Industry Investments Limited (香港新材料產業投資有限公司), Xinjiang Tengxiang Magnesium Products Company Limited (新疆騰翔鎂製品有限公司) and Mega Prime Development Limited, as may be amended, supplemented, or otherwise modified from time to time (the "Note Purchase Agreement").

THIS IS TO CERTIFY that Mega Prime Development Limited, whose registered office is at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, the British Virgin Islands, is the registered holder of the Note of the principal amount stated above. The Note is issued subject to and with the benefit of the attached terms and conditions ("Conditions") which are deemed to be part of it. The Conditions are binding on both the holder of the Note and the Issuer. The Issuer undertakes (both to the holder of the Note and to any lawful transferee thereof pursuant to Condition 11) to perform its obligations in accordance with these Conditions.

The Note is secured by certain Security Documents as more particularly described in the Note Purchase Agreement and guaranteed by Century Sunshine Group Holdings Limited (世紀陽光集團控股有限公司). This Certificate is governed by and shall be construed in accordance with the laws of Hong Kong.

The holder of the Certificate is entitled to all of the benefits of the Note and may enforce the agreements contained herein and exercise the remedies provided for hereby or otherwise available in respect hereof, all in accordance with these Conditions.

Note: The Note cannot be transferred by delivery and are only transferable to the extent permitted by Condition 11. This Certificate must be delivered to the Issuer for cancellation and reissue of an appropriate certificate in the event of any such transfer.

THE COMMON SEAL of)
)
Rare Earth Magnesium Technology)
Group Holdings Limited)
)
)
稀鎂科技集團控股有限公司)
)
was hereunto affixed)
)
)
in the presence of:)
)
)
)

____
Name:

____
Title: Director

Witness Signature: ____________________

Name: ____________________________

Address: __________________________

Occupation: ________________________

TERMS AND CONDITIONS

1. Definitions and Interpretation.

1.1 Definitions. Unless defined hereunder or the context otherwise expressly requires, words and expressions used in these Conditions shall have the same meaning as given to them in the Note Purchase Agreement.

"Applicable Redemption Date" means the Maturity Date, the EOD Redemption Date, the CB Redemption Repayment Date or the Voluntary Redemption Date, as applicable.

"Authorised Holding" has the meaning set forth in Condition 2 hereof.

"Bankruptcy Law" has the meaning set forth in Condition 9.4(b) hereof.

"Base Redemption Amount" means, in respect of any principal amount of the Note outstanding and to be redeemed by the Issuer pursuant to Condition 9, an amount equal to 100% of the outstanding principal amount stated in the Certificate.

"Catch-up Payment" means the amount that equals to the difference of (a) 12% annual simple interest on the Base Redemption Amount from and including the Issue Date to and including the Applicable Redemption Date minus (b) the aggregate amount of each of the following items already received by the Holder on or before such Applicable Redemption Date: (i) all interest (other than any Default Interest), (ii) all handling fees paid pursuant to the Fee Letter and (iii) any other payment pursuant to these Conditions (other than any Default Interest and payment pursuant to Section 9.2(vi)).

"CB Redemption Prepayment Amount" has the meaning set forth in Condition 9.2 hereof.

"CB Redemption Repayment Date" has the meaning set forth in Condition 9.2 hereof.

"Century Sunshine" means Century Sunshine Group Holdings Limited (世紀陽光集團控股有限公司), whose shares are listed on the HKSE with stock code 509.

"CIIL" means Capital Idea Investments Limited, a company incorporated in the British Virgin Islands with limited liability.

"Conditions" means the terms and conditions attached to this Certificate (as amended from time to time), and "Condition" refers to the relative numbered paragraph of these Conditions.

"Confidential Information" has the meaning set forth in Condition 18.1 hereof.

"Convertible Bond" means the convertible bond in the principal amount of HK$420,000,000 due November 30, 2020 issued by the Issuer to Ming Xin (as nominee of CIIL).

"Debt to Asset Ratio" means the ratio of the value of the total liabilities to the value of total assets.

"Default" means an Event of Default or any event or circumstance which would (with the expiry of any grace period, the giving of notice, the making of any determination or a combination thereof) be an Event of Default.

"Default Interest" has the meaning set forth in Condition 7 hereof.

"Denominated Amount" has the meaning set forth in Condition 2 hereof.

"Early Redemption Notice" means the notice in the form prescribed in Appendix III to be delivered by the Holder to the Issuer pursuant to any of Condition 9.2 or Condition 9.3 hereof.

"EOD Notice of Repayment" has the meaning set forth in Condition 9.4 hereof.

"EOD Redemption Amount" means, upon redemption of the Note due to occurrence of any Event of Default, the amount payable by the Issuer to the Holder in respect of the outstanding principal amount of the Note on the EOD Redemption Date, being the aggregate of:

(i) the Base Redemption Amount;

(ii) interest accrued and outstanding under Condition 6;

(iii) any Default Interest accrued and outstanding;

(iv) any other payment accrued and outstanding to the Holder pursuant to these Conditions; and

(v) the applicable Catch-up Payment.

"EOD Redemption Date" has the meaning set forth in Condition 9.4.

"Event of Default" has the meaning set forth in Condition 9.4 hereof and "Events of Default" shall be construed accordingly.

"Exchange Business Day" means any day on which the HKSE is scheduled to be open for trading for its regular trading sessions (notwithstanding the HKSE closing prior to its scheduled weekday closing times, and without regard to after hours or any other trading outside of the regular trading session hours).

"Holder" means any person who is the registered holder of any Note then outstanding and "Holders" shall be construed accordingly.

"Issuer" means Rare Earth Magnesium Technology Group Holdings Limited 稀鎂科技集團控股有限公司, whose shares are listed on the HKSE with stock code 601.

"Maturity Date" has the meaning set forth in Condition 5.1 hereof.

"Ming Xin" means Ming Xin Developments Limited, a company incorporated in the British Virgin Islands with limited liability.

"Register" has the meaning set forth in Condition 11.2 hereof.

"Requisite Majority Holders" has the meaning set forth in Condition 1.3 hereof.

"Transfer Form" has the meaning set forth in Condition 11.3 hereof.

"Voluntary Redemption Amount" has the meaning set forth in Condition 9.3 hereof.

"Voluntary Redemption Date" has the meaning set forth in Condition 9.3 hereof.

1.2 The provisions of clauses 1.2, 1.3 and 1.4 of the Note Purchase Agreement (where appropriate) shall apply to these Conditions as though they were set out in full in these Conditions, except that references to "this Agreement" therein are to be construed as references to these Conditions.

1.3 Where under these Conditions any matter is expressed to require the consent, approval, waiver or determination of the Holders, such consent, approval, waiver or determination shall, except as otherwise stated, be deemed to be given or made if agreed to by Holders of the Note representing more than 50% of the total principal amount of all the Note outstanding at the relevant time, which must also include the agreement of Mega Prime Development Limited for so long as it holds any of the Note (the "Requisite Majority Holders"). Any consent, approval, waiver or determination given by any Holder or Holders not in compliance with the provisions of this Condition 1.3 shall not be valid and binding on the Issuer and other Holders.

1.4 A Default is continuing if it has not been remedied or waived in writing.

2. Form and Denomination. The Note is issued in registered form of an amount (the "Denominated Amount") of a minimum of HK$1,000,000 and integral multiples thereof (an "Authorised Holding"). A Certificate will be issued to the Holder in respect of its registered holding of the Note. All Certificates shall be issued under the common seal of the Issuer. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register (as defined below).

3. Title. Title to the Note will pass on registration by the Issuer of any transfer thereof in accordance with Condition 11. The Holder will (except as otherwise required by Law) be treated as the absolute owner of the Note (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) for the purpose of receiving payment and for all other purposes.

4. Status.

4.1 The Note constitutes direct, unconditional and unsubordinated obligations of the Issuer. The payment obligations of the Issuer under the Note will (subject to any obligations preferred by mandatory provisions of Law) rank at least *pari passu* with all other present and future direct, unconditional and unsubordinated obligations of the Issuer. No application will be made for a listing of the Note on any stock exchange.

4.2 The payment obligations and the performance of all of the obligations of the Issuer under the Note are secured rateably and on a *pari passu* basis by the Security Documents. In the event of the occurrence of an Event of Default or in any other event where any of the Security Documents becomes enforceable, the Holder may, and in accordance with such Security Document, enforce the security interest created under the Security Documents (including, without limitation, by taking possession or disposing of or realising the WFOE equity pledged under such Equity Pledge and the fixed assets mortgaged under any Fixed Asset Mortgage in addition to, or in lieu of taking such other action as may be permitted against the Issuer).

4.3 Century Sunshine has in the Corporate Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Note. The Corporate Guarantee constitutes direct, general and unconditional obligations of Century Sunshine which will at all times rank at least *pari passu* with all other present and future unsecured obligations of Century Sunshine, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application and subject to Condition 4.2.

5. Maturity Date; Prepayment.

5.1 The outstanding principal amount which is payable under the Note pursuant to these Conditions shall be due and payable on the third anniversary date of the Issue Date (the "Maturity Date"), unless redeemed pursuant to Condition 9.2 or Condition 9.3 prior to the Maturity Date or upon the occurrence of an Event of Default set forth in Condition 9.4.

5.2 The Note may not be repaid or otherwise redeemed other than in accordance with these Conditions.

5.3 Other than the obligations to prepay pursuant to Condition 9 hereof, the Issuer has no right to prepay any portion of the Note. The Holder has the right to demand prepayment pursuant to Condition 9 hereof.

6. Interest.

6.1 Interest shall accrue on the outstanding principal amount of the Note at the rate of 6.0% per annum from and including the Issue Date to and including the Maturity Date as set forth in Condition 5.1.

6.2 All the interest under this Condition 6 shall be due and payable in cash by the Issuer in arrears semi-annually from and including the Issue Date to and including the date on which the Note is redeemed in accordance with these Conditions.

6.3 All the interest under this Condition 6 shall be calculated on the basis of a 360-day year for the actual number of days elapsed. The Issuer shall pay to the Holder all the interest under this Condition 6 in accordance with Condition 10.2.

7. Default Interest. If any Default occurs, (a) any amount which is not paid when due under the Note or (b) any outstanding principal amount of the Note (in the case of occurrence of any Default other than the failure by the Issuer to pay any amount which is due under the Note) (as the case may be) shall bear interest (both before and after judgment and payable on demand) from and including the date of occurrence of the Default until the earlier of (i) the date on which the Note is fully redeemed pursuant to these Conditions, and (ii) the date on which such Default ceases to occur (which includes but is not limited to the full settlement of any interest accrued and outstanding under this Condition 7), at an additional monthly interest rate of 1.5% (in addition to any interest paid by the Issuer and received by the Holder pursuant to Condition 6.1) ("Default Interest").

8. Negative Pledge and Undertakings

8.1 The Issuer covenants with the Holder from time to time and at all times while any of the Note remains outstanding that, without the prior written consent of the Requisite Majority Holders, the Issuer will not, and will procure that no other Group Member will:

(a) cease to carry on the Business;

(b) amend the accounting policies previously adopted (other than those amendments as required by the relevant financing reporting standards) or change its fiscal year;

(c) dispose of the ownership, possession, custody or control of any corporate or other books or records;

(d) pass any resolution for its winding up or undertake any merger or restructuring or apply for the appointment of a receiver, manager or judicial manager or like officer;

(e) take any action that reclassifies any outstanding shares into shares or any Equity Securities having preferences or priority as to dividends or assets senior to or on parity with the preference of the Note;

(f) compromise, settle, release, discharge or compound any civil, criminal, arbitration or other proceedings or any liability, claim, action, demand or dispute or waive any right in relation to any of the foregoing;

(g) obtain or seek to obtain a Taxation advantage through any fraud or evasion;

(h) make or enter into any arrangement, undertaking or scheme which was at the time it was entered into a sham or fiscal nullity;

(i) amend or change the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of the Holders; or

(j) enter into any agreement or undertaking to do any of the foregoing.

8.2 The Issuer undertakes (and with respect to Condition 8.2(j) to (m), undertake to procure the other Group Members), from time to time and at all times while any of the Note remains outstanding:

(a) to send to the Holder, a copy of all audited and reviewed accounts issued to the shareholders of the Issuer, generally in their capacity as such at, or as soon as practicable after, the time of issue thereof;

(b) to provide all information regarding the financial condition, business and operations of the Issuer, the HK Subsidiary and the WFOE as reasonably requested by any Holder;

(c) to maintain a listing for all the issued Shares on the Main Board of the HKSE and to maintain the Shares to continue to be traded on the HKSE at all times from and including the Issue Date (save for any temporary suspension of trading for not more than ten (10) consecutive Exchange Business Days);

(d) to punctually pay the principal, any interest payable on the Note and other amounts due and payable under the Note (including without limitation the redemption amount payable under Condition 9) in the manner specified in these Conditions;

(e) to perform and observe its obligations contained in all Transaction Documents to the intent that their terms shall inure to the benefit of each and every Holder;

(f) to give written notice to the Holder within three (3) Business Days upon the occurrence of any condition or event that constitutes a Default or an Event of Default;

(g) to give written notice to the Holder of any compliance and filing obligations that may be imposed on the Holder by any Governmental Authority in relation to any transactions contemplated under the Transaction Documents;

(h) to the extent permitted by Law, to give written notice to the Holder immediately upon the occurrence of any of the following:

(i) the Issuer submits an application to the HKSE to delist from the Main Board of the HKSE;

(ii) the Issuer's shareholders approve a resolution to delist the Issuer from the Main Board of the HKSE;

(iii) any proposed cancellation of the listing of the Shares on the Main Board of the HKSE;

(iv) any suspension of trading in the Shares made at the Issuer's request (save for any temporary suspension for not more than ten(10) consecutive Exchange Business Days);

(v) any involuntary suspension for any length of time; or

(vi) the Issuer ceases to be listed on the HKSE;

(i) to execute and deliver upon the written request of the Requisite Majority Holders and at the Issuer's expense, such additional documents, instruments and agreements as the Requisite Majority Holders may determine to be necessary to carry out the intent or provisions of the Note, the Note Certificates, these Conditions, the Note Purchase Agreement and the other Transaction Documents and the transactions contemplated hereunder and thereunder;

(j) to maintain its registration and good standing under the Bermuda Companies Act 1981 as amended from time to time (in the case of the Issuer) or other applicable Laws (in the case of other Group Members);

(k) to comply with the requirements of all applicable Laws in all material respects including all Laws applicable to the conduct or operation of the Business or the ownership or use of any of its Assets;

(l) to obtain, comply and maintain all Approvals necessary for conducting its business and operations, performing its obligations under the Transaction Documents, and ensuring the legality, validity, enforceability and admissibility in evidence in proceedings of the Transaction Documents (in particular, Bermuda stamp duty will be payable if any Transaction Document is executed in, brought to, or produced before a court of Bermuda);

(m) to file, within the times and within the manner prescribed by applicable Law, all Tax Returns which are required to be filed by it, with respect to its business or otherwise, which Tax Returns shall reflect accurately its liability for all Taxation for the periods covered thereby;

(n) to ensure that the auditors of the Issuer provide unqualified opinions in respect of the Issuer's published annual financial statements and, if opinion are provided, in respect of any interim financial statements;

(o) to cause the Issuer to remain as the legal and beneficial owner of the entire share capital of the HK Subsidiary on a Fully-Diluted basis, and not create any Encumbrance over such interest;

(p) to cause the HK Subsidiary to remain as the legal and beneficial owner of the entire share capital of the WFOE on a Fully-Diluted basis, and not create any Encumbrance over such interest;

(q) to ensure that the Debt to Asset Ratio does not exceed 60% (as determined by reference to the Issuer's most recently published audited annual or interim financial statements);

(r) to ensure that the value of the total net assets of the Issuer is not less than HK$1,000,000,000 (as determined by reference to the Issuer's most recently published audited annual or interim financial statements) without considering the effects of any changes in fair market value to the Convertible Bond;

(s) to notify the Holder in writing on or prior to October 31, 2020 whether the Convertible Bond will be extended, converted or redeemed;

(t) to file and procure the WFOE to duly file, within fifteen (15) Business Days after the Issue Date, the Fixed Asset Mortgage with the local counterpart of the State Administration of Foreign Exchange, and to use its best effort and procure the WFOE to use its best effort to obtain and deliver the Registration Certificate on the Cross-border Guarantees (内保外贷签约登记表) to the Holder as soon as reasonably practicable; and

(u) to notify the Holder on or before the earlier of (i) at least one month prior to any applicable maturity date of the Convertible Bond or (ii) in the event that the original maturity date of the Convertible Bond is agreed to be extended, at least ten (10) Business days prior to the original maturity date of the Convertible Bond (other than payment of any interest pursuant to the terms and conditions thereof), of the Issuer's intention to extend the maturity date of the Convertible Bond.

9. Repayment upon Maturity.EOD Redemption and Certain Events.

9.1 Repayment upon Maturity. Unless previously redeemed or cancelled in accordance with these Conditions, the Issuer shall redeem within seven (7) Business Days after the Maturity Date all the outstanding principal amount of the Note in an amount equal to the aggregate of (i) the Base Redemption Amount; (ii) interest accrued and outstanding under Condition 6; (iii) any Default Interest accrued and outstanding under Condition 7; (iv) any other payment accrued and outstanding to the Holder pursuant to these Conditions; and (v) the applicable Catch-up Payment.

9.2 Repayment upon Redemption of Convertible Bond. In the event that (a) any holder of the Convertible Bond redeems, other than payment of accrued interest pursuant to the terms and conditions thereof, all or any portion of the Convertible Bond, or (b) if the Issuer fails to, on or before October 31, 2020, extend the maturity date of the Convertible Bond to a date after the Maturity Date, the Holder shall be entitled to demand by delivering an Early Redemption Notice to the Issuer to redeem all of the outstanding principal amount under the Note, either (x) within ten (10) Business Days after the date of the Early Redemption Notice or (y) within ten (10) Business Days prior to the date on which any portion of the Convertible Bond will be redeemed, whichever is earlier (the "CB Redemption Repayment Date"), in an amount (the "CB Redemption Prepayment Amount") equal to the sum of (i) the Base Redemption Amount, (ii) interest accrued and outstanding under Condition 6, (iii) any other payment accrued and outstanding to the Holder pursuant to these Conditions, (iv) the applicable Catch-up Payment, (v) any Default Interest accrued and outstanding under Condition 7, in each case as of the CB Redemption Repayment Date, and (vi) to the extent that the CB Redemption Repayment Date is a date that is within twelve months after the Issue Date, an amount of HK$6,000,000.

9.3 Redemption upon Holder's Election. At any time commencing on the second anniversary date of the Issue Date, the Holder shall be entitled to demand by delivering an Early Redemption Notice to the Issuer to redeem all of the outstanding principal amount under the Note within twenty (20) Business Days of the date of Early Redemption Notice (the "Voluntary Redemption Date") in an amount (the "Voluntary Redemption Amount") equal to the sum of (i) the Base Redemption Amount, (ii) interest accrued and outstanding under Condition 6, (iii) any other payment accrued and outstanding to the Holder pursuant to these Conditions, (iv) the applicable Catch-up Payment, and (v) any Default Interest accrued and outstanding under Condition 7, in each case as of the Voluntary Redemption Date.

9.4 EOD Redemption. Upon the occurrence of any of the following events ("Event of Default"), the Holder shall be entitled to require, by lodging a notice of repayment in the form prescribed in Appendix I hereof (the "EOD Notice of Repayment") at the address specified in Condition 15, the Note registered in its name to be redeemed at the EOD Redemption Amount, which at the time of such EOD Notice of Repayment shall become immediately due and payable (the "EOD Redemption Date"):

(a) any failure by the Issuer to pay the principal, interest or any other amount due and payable in respect of the Note on its due date in the manner specified in the Transaction Documents;

(b) any Group Member or Century Sunshine is:

(i) under any Law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors (collectively, "Bankruptcy Law"), seeking to have an order for relief entered with respect to it, or seeking to adjudicate it bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other similar relief to it or its debts; or

(ii) seeking appointment of a liquidator, administrator, administrative receiver, receiver, trustee, custodian, conservator or other similar official for it or for all or any part of its Assets;

(c) any breach or default by any Warrantor in the performance or observance of or compliance with any obligations, covenants, undertakings or other terms under any of the Transaction Documents (other than breach or default provided in Conditions 9.4(a) to (b));

(d) any representation, warranty, certification or statement made by or on behalf of any Warrantor under any of the Transaction Documents shall have been incorrect, misleading or false;

(e) any of the Transaction Documents (including the Corporate Guarantee) shall be held in any judicial proceedings to be unenforceable or invalid, or not perfected, or cease or fail for any reason to be in full force and effect or to create or constitute an interest with the priority and effect required under such Transaction Document;

(f) it becomes illegal under any applicable Law for any Warrantor to perform or comply with any of its obligations under the Note or under any other Transaction Documents or any enforceable final ruling is rendered by a competent court to the effect that any obligation under the Note or under any other Transaction Documents is illegal or invalid;

(g) a distress, attachment, execution, seizure before judgment or other legal process is levied on, enforced or sued against any Assets or revenues of any Group Member;

(h) any Indebtedness of a Group Member (i) is not paid when due or, as the case may be, within any applicable grace period, or (ii) is declared (or becomes capable of being declared) to be due and payable prior to its stated maturity by reason of any actual or potential default or event of default (howsoever described);

(i) an encumbrancer takes possession or an administrative or other receiver or an administrator or other similar officer is appointed of any part of the Assets or revenues of any Group Member;

(j) any one or more events or changes shall have occurred that has or would likely to have, either in any case or in the aggregate, a Material Adverse Effect;

(k) any Group Member, pursuant to or within the meaning of the applicable Bankruptcy Laws for the relief of debtors, (i) commences a voluntary case, (ii) consents to the entry of an order for relief against it in an involuntary case, (iii) consents to the appointment of a liquidator, administrator, administrative receiver, receiver, trustee, assignee, liquidator or similar official (a "Custodian"), (iv) initiates or consents to any proceedings relating to itself under any Law for a readjustment or deferment of its obligations or any part of them, (v) makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors, (vi) is generally unable to pay its debts as they become due, or (vii) stops or threatens to cease to carry on its or any substantial part of its business;

(l) a moratorium is agreed or declared in respect of any Indebtedness of any Group Member, or any Governmental Authority takes any step with a view to seizing, compulsorily purchasing or expropriating all or a substantial part of the Assets of any Group Member;

(m) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against the any Group Member in an involuntary case, (ii) appoints a Custodian for any Group Member, or (iii) orders the liquidation or provisional liquidation of the Issuer;

(n) the Group ceases to carry on the Business;

(o) the current listing of the Shares is cancelled or withdrawn, or the Shares ceases to be traded on the HKSE (save for any temporary suspension of trading for not more than ten (10)) consecutive Exchange Business Days);

(p) the Issuer submits a notification to the HKSE of its proposed cancellation of the admission of the Shares without obtaining the prior written consent of the Requisite Majority Holders;

(q) the Issuer's shareholders approve a resolution to delist the Issuer from the Main Board of the HKSE;

(r) the Issuer ceases to be the legal and beneficial owner of the entire share capital of the HK Subsidiary on a Fully-Diluted basis free and clear of all Encumbrances;

(s) the HK Subsidiary ceases to be the legal and beneficial owner of the entire share capital of the WFOE on a Fully-Diluted basis free and clear of all Encumbrances other than the WFOE Equity Pledge;

(t) the Debt to Asset Ratio exceeds 60% (as determined by reference to the Issuer's most recently published audited annual or interim financial statements);

(u) the value of the total net assets of the Issuer is less than HK$1,000,000,000 (as determined by reference to the Issuer's most recently published audited annual or interim financial statements) without considering the effects of any changes in fair market value to the Convertible Bond;

(v) the auditors of the Issuer fail to provide an audit opinion, or provide any opinion other than an unqualified opinion in respect of any of the Issuer's published annual financial statements or, if opinions are provided, in respect of any of the Issuer's interim financial statements; or

(w) the Issuer fails to duly file or fails to procure the WFOE to duly file the Fixed Asset Mortgage with the local counterpart of the State Administration of Foreign Exchange within fifteen (15) Business Days after the Issue Date.

10. Taxation and Payments.

10.1 No Withholdings. All payments by the Issuer 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. In the event that the Issuer is required to make any such deduction or withholding from any amount paid, the Issuer shall pay to the Holder such additional amount as shall be necessary so that the Holder continues to receive a net amount equal to the full amount which the Holder would have received if such withholding or deduction had not been made.

10.2 Payments. All payments by the Issuer pursuant to these Conditions shall be received by the Holder not later than 4:00 p.m. (Hong Kong time) on the due date, by remittance to such Hong Kong Dollar bank account in Hong Kong or elsewhere as the Holder may notify the Issuer from time to time but in any event at least two (2) Business Days prior to the due date or, if the Holder so requests, by cashier's order or other cleared funds. All payments on or in respect of the Note or the indebtedness evidenced hereby shall be made non-refundable to the Holder in immediately available and freely transferable Hong Kong Dollar.

10.3 Due Date for Payment. If the due date for payment of any amount in respect of the Note is not a Business Day, the Holder 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 in respect of any such delay. However, if the due date is the last day in that calendar month and that day is not a Business Day, the payment date shall be the immediately preceding Business Day.

11. Transfer and Certificates.

11.1 Freely Transferrable. The Note is freely transferrable (in whole or in part) by the Holder subject to compliance with all applicable Law. The consent of the Issuer, which shall not be unreasonably withheld, is required for any transfer of the Note. Upon the completion of such transfer, the transferring Holder shall procure the transferee of the Note to execute a Deed of Adherence in the form attached as Exhibit 2 to the Note Purchase Agreement.

11.2 Note Register. The Issuer shall maintain at Suite 1105, 11th Floor, The Gateway, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong, a register (the "Register") that provides a full and complete record of the name, address and other details of the Holder, particulars of the Note held by it and particulars of all transfers of the Note. The Holder or its Representative may inspect the Register at any time during normal business hours or may require that the Issuer (at its expense) provides to the Holder either details of the Note then outstanding or a certified true copy of the Register.

11.3 Form of Transfer. Subject to Condition 11.1, the Note may be transferred in whole or in part by delivering the Certificate issued in respect of it, with a transfer form in the form prescribed in Appendix II hereof (the "Transfer Form") duly completed, stamped and signed, to the address referred to in Condition 14, whereupon the Issuer will, within three (3) Business Days of such delivery, issue (a) new Certificate(s) which will be made available for collection at the address referred to in Condition 14 or, if so requested in the Transfer Form, be mailed by registered mail (free of charge to the Holder), to the address specified in the Transfer Form. No transfer of the Note will be valid unless and until such transfer has been entered on the Register.

11.4 Cancellation of Certificate. Any Certificate delivered for the purposes of effecting a transfer pursuant to Condition 11.3 will be cancelled forthwith upon issue of a new Certificate(s) pursuant to Condition 11.3.

11.5 New Certificate for Partial Transfer. Where some but not all of the Note in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Note not so transferred, will, within three (3) Business Days of delivery or surrender of the original Certificate to the Issuer be made available for collection at the address referred to in Condition 14 or, if so requested in the Transfer Form, be mailed by registered mail (free of charge to the Holder), to the address specified in the Transfer Form.

11.6 Costs. Registration of transfers of Note will be effected without charge by or on behalf of the transferor or the transferee. All costs and expenses (including legal costs) associated with the preparation, issue and delivery of a new Certificate for Note pursuant to this Condition 11 shall be borne by the Issuer.

11.7 Certificates. Every Holder will be entitled to (a) Certificate(s) in the form or substantially in the form of that shown in Exhibit 1 of the Note Purchase Agreement. All Certificates shall be issued under the common seal of the Issuer. Notwithstanding anything to the contrary herein, the Issuer shall comply with the provisions of the Certificates and these Conditions in all respects and the Note shall be held subject to such provisions and Conditions which shall be binding upon the Issuer and the Holders and all persons claiming through or under them respectively.

11.8 Acknowledgement as to Covenants. The Issuer hereby acknowledges and covenants that the benefit of the covenants, obligations and conditions on the part of or binding upon it contained in the Note and these Conditions shall inure to each and every Holder.

12. Enforcement of Rights. Save as expressly provided for in these Conditions, each Holder shall be entitled severally to enforce the covenants, obligations and conditions on the part of or binding upon the Issuer contained in the Note and these Conditions against the Issuer insofar as each such Holder's Note is concerned, without the need to join the allottee of any such Note or any intervening or other Holder in the proceedings for such enforcement. Save as expressly provided for in the Note and subject to the other Conditions, at any time after any payment in relation to any Note has become due and payable or any obligation of the Issuer has not been performed in accordance with these Conditions, the Holder may, at its discretion and without further notice, take such proceedings as it may think fit to enforce payment of the amount due and payable to it in respect of the Note held by it and to enforce the provisions of the Note held by it and these Conditions.

13. Replacement Note.

13.1 Lost or Mutilated Certificate. If the Certificate for the Note is lost or mutilated the Holder shall forthwith notify the Issuer and a replacement Certificate for the Note shall be issued if the Holder provides the Issuer with:

(a) the mutilated Certificate for the Note; and

(b) a declaration by the Holder or an officer of the Holder that the Note had been lost or mutilated (as the case may be) or other evidence that the Certificate for the Note had been lost or mutilated.

13.2 Cancellation. Any Certificate for the Note replaced in accordance with this Condition shall forthwith be cancelled. All administrative costs and expenses associated with the preparation, issue and delivery of a replacement Certificate for the Note shall be borne by the Issuer.

14. Relevant Address in Hong Kong.

The address for the deposit of a Transfer Form, for presentation and surrender of the Note and for all such other purposes as are so specified in these Conditions will be:

Suite 1105, 11th Floor, The Gateway, 9 Canton Road,
Tsim Sha Tsui, Kowloon, Hong Kong

or such other address in Hong Kong as may be notified by the Issuer to the Holder in writing from time to time.

15. Notice.

15.1 Any notice, demand or other communication to be given under this Condition 15 shall be in writing in English delivered personally or sent by pre-paid post (air mail if overseas) or facsimile transmission or email as set out below (or such other address, fax number or email address as the addressee has by five (5) days' prior written notice specified to the other parties):

To the Holder:

Address, fax and email as shown in the Register

To the Issuer:

Address:	Suite 1105, 11th Floor, The Gateway, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
Attn:	Shum Sai Chit

15.2 Any notice, demand or other communication so addressed to the relevant party shall be deemed to have been delivered (a) if delivered by hand, at the time of delivery; (b) if sent by pre-paid post, on the fourth Business Day after the time of posting; (c) if given or made by fax, immediately after it has been dispatched with a confirmation that all pages have been transmitted; and (d) if sent by e-mail, immediately after it has been dispatched from the sender's outbox, except where dispatch is not on a Business Day in the case of (c) and (d). If a communication would otherwise be deemed to have been delivered outside normal business hours (after 5:30 p.m. on a Business Day) in the time zone of the territory of the recipient under the preceding provisions of this Condition 15, it shall be deemed to have been delivered at 9:30 a.m. on the next opening of business in the territory of the recipient.

15.3 In proving service of a communication, it shall be sufficient to show that delivery by hand was made or that the envelope containing the communication was properly addressed and posted as a pre-paid letter or that the facsimile transmission was dispatched and a confirmatory transmission report or other acknowledgment of good receipt was received.

16. Governing Law. The Note and these Conditions shall be governed by and construed in accordance with the Laws of Hong Kong.

17. Amendments. Any term of the Note may only be amended with the written consent of the Issuer and the Requisite Majority Holders, provided that a Holder may always waive any of its rights hereunder in writing without the written consent of the Requisite Majority Holders. Any amendment effected in accordance with this Condition 17 shall be binding upon the Issuer and the Holders.

18. Confidentiality.

18.1 Each of the Issuer and the Holder acknowledges that the terms and conditions of the Note, these Conditions and the other Transaction Documents, any term sheet or memorandum of understanding entered into pursuant to the transactions contemplated hereby, and all exhibits, schedules, annexes, and amendments hereto and thereto, the transactions contemplated hereby and thereby, including their existence, and all information furnished by any party and by representatives of such parties to any other party hereof or any of the representatives of such parties (collectively, the "Confidential Information"), shall be considered confidential information and shall not be disclosed by any party to any third party except in accordance with the provisions set out below.

18.2 The Issuer shall not make any announcement disclosing the Holder's investment in the Issuer hereunder, any of the Confidential Information or the name of the Holder (or any part or any derivations thereof) in a press release, public announcement, conference, professional or trade publication, mass marketing materials or other public disclosure without obtaining in each instance the prior written consent of the Holder. Any announcement in the foregoing sentence which refers to the Holder shall be subject to the Holder's review and approval prior to its release or dispatch.

18.3 Notwithstanding anything in the foregoing to the contrary, and subject to applicable Laws:

(a) the Issuer may disclose (1) the Confidential Information to its Affiliates and their respective Representatives who need to know such information strictly in relation to the performance of this Agreement and any other Transaction Documents, in each case only where such Persons are informed of the confidential nature of the Confidential Information and are under appropriate non-disclosure obligations substantially similar to those set out in this Condition 18, and (2) the Confidential Information to any Person to which disclosure is approved in writing by the Holder.

(b) each Holder (and its fund manager, its sub-investment manager and adviser (if appointed) and Affiliates) may disclose the Holder's investment in the Issuer to third parties or to the public at its sole discretion.

(c) each Holder shall have the right to disclose:

(i) the Confidential Information to its Affiliates, its fund manager, and its or their respective Representatives, advisors (including accountants, legal counsel and consultants), creditors and investors (including limited partners, shareholders and potential investors), and in each case only where such Persons are informed of the confidential nature of the Confidential Information or are under appropriate non-disclosure obligations substantially similar to those set out in this Condition 18;

(ii) any information for fund and inter-fund reporting purposes;

(iii) any information as required by Law, Government Authorities, legal process and/or exchanges, subject to the provision in Condition 18.4 below;

(iv) any information to bona fide prospective purchasers/investor of the Note or other security or other interests in the Issuer, and/or

(v) any information contained in press releases or public announcements of the Issuer pursuant to Condition 18.2 above.

18.4 In the event that the Issuer is requested or becomes legally compelled and/or as required under applicable Laws (including without limitation, pursuant to any applicable Tax, securities, or other Laws of any jurisdiction and/or the Listing Rules) to disclose any Confidential Information, the Issuer shall to the extent permitted by Law provide the Holder with prompt written notice of that fact. At the request of the Holder, the Issuer shall, to the extent reasonably possible and with the cooperation and reasonable efforts of the Holder, seek a protective order, confidential treatment or other appropriate remedy to the extent permitted by applicable Laws. In any event, the Issuer shall furnish only that portion of the information that is legally required and/or as required under applicable Laws and shall exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded to such information.

18.5 Notwithstanding any other provision of this Condition 18, the confidentiality obligations of the Issuer and the Holder under this Condition 18 shall not apply to: (i) information which a restricted party learns from a third party having the right to make the disclosure, provided the restricted party complies with any restrictions imposed by the third party; (ii) information which is rightfully in the restricted party's possession prior to the time of disclosure by the protected party and not acquired by the restricted party under a confidentiality obligation; (iii) information which was in the public domain or otherwise known to the restricted party before it is furnished to it by another party hereto or, after it is furnished to that restricted party, enters the public domain without breach by that restricted party of this Condition 18; or (iv) information which a restricted party develops independently without reference to the Confidential Information.

19. Severability. If one or more provisions of these Conditions are held to be unenforceable under applicable Law, such provision shall be excluded from these Conditions and the balance of these Conditions shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

20. No Waiver. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

21. Rights Cumulative. Each and all of the various rights, powers and remedies of a party will be considered to be cumulative with and in addition to any other rights, powers and remedies which such party may have at law or in equity in the event of the breach of any of the Conditions. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such party.

22. Independent Legal Advice. The Issuer agrees and acknowledges that (a) it was afforded sufficient opportunity to obtain independent legal advice regarding the Note and the transactions contemplated under the other Transaction Documents; and (b) it fully understands all of the

terms, conditions, restrictions and provisions set forth in the Note and the other Transaction Documents and the obligations and liabilities thereof, and that each such term, condition, restriction and provision is fair and reasonable with respect to the subject matter thereof.

23. No Presumption. The Issuer agrees and acknowledges that any applicable Law that would require interpretation of any claimed ambiguities in the Note against the party that drafted it has no application and is expressly waived. If any claim is made by the Issuer relating to any conflict, omission or ambiguity in the provisions of the Note, no presumption or burden of proof or persuasion will be implied because the Note were prepared by or at the request of that party or its counsel.

24. Dispute Resolution.

24.1 Each party agrees that any legal action or proceeding arising out of or relating to the Note may be brought in the courts of Hong Kong and irrevocably submits to the non-exclusive jurisdiction of such courts, provided that the Issuer agrees that it may only commence proceedings arising out of or relating to the Note in the courts of Hong Kong.

24.2 Nothing herein shall limit the right of the Holder to commence any legal action against the Issuer and its property in any other jurisdiction or to serve process in any manner permitted by Law, and the taking of proceedings in any jurisdiction shall not preclude the taking of proceedings in any other jurisdiction whether concurrently or not.

24.3 The Issuer irrevocably and unconditionally waives any objection which it may now or hereafter have to the choice of Hong Kong as the venue of any legal action arising out of or relating to the Note and any claim that any such legal action has been brought in an inconvenient or inappropriate forum. The Issuer also agrees that a final judgment against it in any such legal action shall be final and conclusive and may be enforced in any other jurisdiction, and that a certified or otherwise duly authenticated copy of the judgment shall be conclusive evidence of the fact and amount of its indebtedness.

24.4 The Issuer consents generally in respect of any proceedings to the giving of any relief or the issue of any process in connection with such proceedings including the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such proceedings.

24.5 To the extent that the Issuer may now or hereafter be entitled, in any jurisdiction in which proceedings may at any time be commenced with respect to the Note, to claim for itself or its assets any immunity (sovereign or otherwise) from suit, jurisdiction of any court, attachment prior to judgment, attachment in aid of execution of a judgment, execution of a judgment or from set off, banker's lien, counterclaim or any other legal process or remedy with respect to its obligations under the Note and/or to the extent that in any such jurisdiction there may be attributed to the Issuer, any such immunity (whether or not claimed), the Issuer hereby to the fullest extent permitted by applicable Law irrevocably agrees not to claim, and hereby to the fullest extent permitted by applicable Law waive, any such immunity.

APPENDIX I

FORM OF EOD NOTICE OF REPAYMENT

HK$100,000,000 SECURED GUARANTEED NOTE DUE 2022
(the "Note")

TO: **Rare Earth Magnesium Technology Group Holdings Limited**

稀鎂科技集團控股有限公司

(the "Issuer")

Attention: The Directors

[Date]

Unless otherwise specified, capitalized terms used in this letter have the meanings set out in the Note Purchase Agreement entered into between, among others, the Issuer and Mega Prime Development Limited.

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

We, being the registered holder(s) of the Note represented by the attached Certificate, hereby give notice that we exercise our option to redeem HK$[•] of such Note pursuant to Condition 9.4, the relevant Event of Default being [•], and require the Issuer to repay the EOD Redemption Amount equal to HK$[•], on [•] in accordance with the Conditions.

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

We authorize and request you to pay the said sum by telegraphic transfer to the bank account(s) set out below:

[*Insert bank account(s) details*]

Name of Holder:	Date:
....	....
Address:	Tel. No:
....	....
	Fax No:
....	....

Signature:
....

APPENDIX II

FORM OF TRANSFER FORM

INSTRUMENT OF TRANSFER

in relation to Secured Guaranteed Note due 2022 (the "**Note**") issued by

Rare Earth Magnesium Technology Group Holdings Limited

稀鎂科技集團控股有限公司

on [●]

FOR VALUE RECEIVED [*Name of transferor*] hereby transfers to:

[*Name of transferee*], a company incorporated in [●] whose registered office is situated at [●]

HK$[●] principal amount of the Note in respect of which the attached Certificate(s) is/are issued, and all rights in respect thereof.

All payments in respect of the Note hereby transferred are to be made by cashier order (unless otherwise instructed by the transferee).

The address of the transferee for the purposes of Condition 11 of the Terms and Conditions in relation to the Note is [that stated above] / [______________________________].

Date: ____________________

Signed by)

for and on behalf of [transferor])

in the presence of:)

Signed by)

for and on behalf of [transferee])

in the presence of:)

APPENDIX III

FORM OF EARLY REDEMPTION NOTICE

HK$100,000,000 SECURED GUARANTEED NOTE DUE 2022
(the "Note")

TO: **Rare Earth Magnesium Technology Group Holdings Limited**
稀鎂科技集團控股有限公司
(the "Issuer")

Attention: The Directors

[Date]

Unless otherwise specified, capitalized terms used in this letter have the meanings set out in the Note Purchase Agreement entered into between, among others, the Issuer and Mega Prime Development Limited.

We, being the registered holder(s) of the Note represented by the attached Certificate, hereby give notice that we exercise our option to redeem HK$[•] of such Note pursuant to [Condition 9.2/Condition 9.3], and require the Issuer to repay the [CB Redemption Prepayment Amount/Voluntary Redemption Amount] equal to HK$[•], on [•] in accordance with the Conditions.

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

We authorize and request you to pay the said sum by telegraphic transfer to the bank account(s) set out below:

[*Insert bank account(s) details*]

Name of Holder:
....
Address:
....

....
Signature:
....

Date:
....
Tel. No:
....
Fax No:
....

EXHIBIT 2
FORM OF DEED OF ADHERENCE

Deed of Adherence

THIS DEED OF ADHERENCE (this "**Deed**") is made on [•] by [•] of [•] (the "**Covenantor**")

SUPPLEMENTAL to a Note Purchase Agreement (the "**Agreement**") dated ____ 2019 and made by and among Rare Earth Magnesium Technology Group Holdings Limited 稀鎂科技集團控股有限公司 (the "**Company**"), Mega Prime Development Limited and such other parties thereto. Terms used in this Deed not defined herein shall have the same meaning as given to them in the Agreement.

1. DEFINITIONS

Words and expressions defined in the Agreement have the same meanings when used in this Deed.

2. ACCESSION

The Covenantor [will purchase]/[has purchased] Note of principal amount of [•] from [•]. The Covenantor hereby agrees with each other person who is or who becomes a party to the Agreement in accordance with the terms thereof that with effect from the date hereof, it shall comply with and be bound by the terms of the Agreement as if it had originally been a Party as the Investor.

3. NOTICE

The Covenantor confirms that its address for notices for the purpose of Clause 7.6 of the Agreement is as follows:

Address: [•]

Fax number: [•]

Attention: [•]

4. GOVERNING LAW

This Deed (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this deed) shall be governed by and construed in accordance with Hong Kong law.

SEALED with the COMMON SEAL OF)
[●]) [seal]
and SIGNED by *[insert names and, if*)
desired, job title of signatories]) ______________________

Witnessed/Verified by

____
Name: [●]
Title: [●]

Agreed and accepted by:

____
Name:
Authorized Signatory of
RARE EARTH MAGNESIUM TECHNOLOGY GROUP HOLDINGS LIMITED
稀鎂科技集團控股有限公司

____
Name:
Authorized Signatory of
MEGA PRIME DEVELOPMENT LIMITED

EXHIBIT 3
FORM OF COMPLIANCE CERTIFICATE

Compliance Certificate

[Date]

Mega Prime Development Limited (the "Investor")
Rm 06-10,38/F., China Resources Building,
26 Harbour Road, Wanchai, Hong Kong

Dear Sirs,

We refer to the Note Purchase Agreement dated _____ 2019 (the "**Agreement**") made by and between, among others, Rare Earth Magnesium Technology Group Holdings Limited (稀鎂科技集團控股有限公司) (the "**Company**") and the Investor. Unless otherwise defined herein, capitalized terms used herein without definition have the meaning ascribed to them in the Agreement.

Pursuant to Clause 4.1(a) of the Agreement, the undersigned hereby confirms and certifies that:

i) all the conditions specified in Clause 4.1 have been fulfilled; and

ii) each document provided is correct, complete and in full force and effect as at the date of this Agreement and as of the Closing Date.

Yours faithfully,

For and on behalf of
Rare Earth Magnesium Technology Group Holdings Limited
稀鎂科技集團控股有限公司

____
Name:
Director

EXHIBIT 4
FORM OF CORPORATE GUARANTEE

EXHIBIT 5

Part 1: Form of Equity Pledge

Part 2: Form of Fixed Asset Mortgage

EXHIBIT 6
FORM OF FEE LETTER